

# Design for public services - The fourth way: Fostering public service design through multi-organizational entities

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**Abstract**

It has been suggested that service design could be used as a solution for the public sector to the complex challenges it is facing. In order to provide useful services to the public it is important to focus on how these services are designed. In previous research, partnerships between the public and private sector have been proposed to develop design in public services. The objective of the research is to identify how service design can be fostered within the public sector. Furthermore the objective is to find solutions for the challenges that partnerships bring out.

The theoretical framework of the research is constructed through presenting theories from service design and multi organizational models in public services. The empirical research is conducted through expert interviews and case studies. Two case studies from the field of cycling are further examined through a multi-method approach. The methods used in examining the two cases are background research, interviews and questionnaires.

The research suggests the fourth way of collaboration through multi organizational entities as a solution for fostering the design for public services. Relationships not only between the different silos in the public sector but also between the different disciplines arose as one of the main challenges. Therefore shared goals and clear leadership were identified as important relation- and leadership based factors. As a solution design readiness and open access to service production are suggested to assist in fostering public service design. The results seem to indicate that the government should provide an open and supportive environment where its role is to act as an enabler rather than the producer of those services.

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**Keywords** Service design, public services, public sector, networks, partnerships

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**Tiivistelmä**

Julkisen sektorin kohtaamien haasteiden monimutkaistessa, on palveluiden suunnittelun ratkaisuksi ehdotettu palvelumuotoilua. Jotta kaupunkilaisille voidaan tuottaa palveluita mahdollisimman saumattomasti, on tärkeää kiinnittää huomiota siihen, miten nämä palvelut on muotoiltu. Aiemmassa kirjallisuudessa kumppanuudet on nähty mahdollisuutena kehittää julkisten palvelujen muotoilua. Tarkemmin tutkimuksen tavoitteena on määritellä, kuinka palvelumuotoilua voitaisiin edistää julkisella sektorilla. Tätä tutkitaan määrittelemällä ensin sektorin kohtaamat haasteet.

Tutkimuksen teoreettinen viitekehys rakentuu palvelumuotoiluun ja monituottaja -malleihin pohjautuvaan tutkimukseen. Empiirisessä osuudessa tarkastellaan kahta kaupunkipyöräilyyn liittyvää projektia Helsingissä laadullisen tapaustutkimuksen avulla. Taustatutkimuksen, haastattelujen ja kyselyiden avulla kerättyä materiaalia analysoimalla pyritään saamaan mahdollisimman kokonaisvaltainen kuva aihe-alueeseen.

Tutkimus esittelee yhteistyön neljännen tavan tuottaa palveluita joka tähtää julkisen ja yksityissektorin toimijoiden yhteiseen palvelutuotantoon. Tutkimuksen tulokset osoittavat, että palvelumuotoilun edistäminen julkisella sektorilla vaatii rakenteellisia uudistuksia. Muotoiluvalmius ja avoin pääsy palvelutuottamiseen korostuivat palvelumuotoilun edistämässä. Lisäksi julkisen sektorin eri toimijoiden väliset suhteet sekä julkisen ja yksityisen sektorin väliset suhteet nähtiin tärkeinä palvelua muotoiltaessa. Yhteiset tavoitteet ja selkeä johtajuus nousivat esiin suhde- ja johtajuustekijöinä projekteissa. Julkisen hallinnon roolin tulisi olla uusien palvelujen mahdollistaja avoimilla ja tukea antavilla rakenteilla.

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**Avainsanat** Palvelumuotoilu, julkiset palvelut, julkinen sektori, verkostot, kumppanuudet

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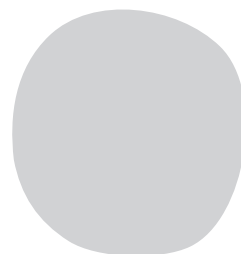
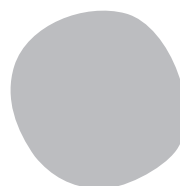
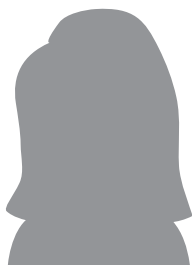
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# **1 INTRODUCTION**

Service design has been suggested as a solution for the public sector to the complex challenges it is facing. In order to provide useful services to the public it is important to focus on how these services are designed and produced. In creating public services, much of the resources of the public authorities are used up already when generating services and planning proper infrastructures. As a solution, partnerships with private sector have been proposed to develop design in public services (Tuulaniemi 2001, Meidutė and Paliulis 2011 & Robinson and Scott 2009).

The Finnish Ministry of Transport and Communications (2011) aims to strengthen the position of walking and cycling nationally during the next years. Distinct public services and projects have been set up to support this goal in the field of cycling. This research sets out to examine two cycling service projects with public and private actors from the aspect of public service design.

## **1.1 PARTNERSHIPS IN PUBLIC SERVICE DESIGN**

The share of services in the turnover of companies manufacturing traditional consumer- and industry products has augmented. According to Statistics Finland, the share of services in the GDP is already over 60 per cent. (Miettinen, 2011, p.21) The shift from product-based society to one based on services is advancing at full speed and thus the design of those services is crucial.

The background to conduct the research arose from the lack of structures in the public sector to support service design. Organizational structures in the public sector are sometimes complex. Due to this complexity, it can be challenging to develop seamless processes for citizens, or to facilitate the implementation and

roll-out of projects (Scherfig, Brunander & Melander, 2010, p. 12). Furthermore, the societal problems governments are facing at the moment such as ageing population, sustainability and economic downturn require a more compound way of planning public services (Meroni & Sangiorgi, 2011 p. 119).

Service design could help organizations, both public and private, to better plan complex service systems. Moritz (2005 p. 39) defines service design as the design of the overall experience of a service as well as design of the process and strategy to provide that service. Because of its novelty, service design has not yet been fully embedded to the structures of the public sector and expertise from the field is missing (Tuulaniemi, 2011).

With the rise of the service era and emphasis to service design, models and examples for successful public service design are needed. Public sector has a long history of providing services but, due to the lack of structures, the emphasis has been on the efficiency and cost-savings of the service rather than in the design (Tuulaniemi, 2011). Due to the incapability of financing all feasible projects that are planned, the implementation of the projects might be delayed or not occur (Meidutė & Paliulis, 2011). Therefore public- private partnerships have become a more commonly used method of collaboration in creating public services.

One of the solutions to enhance service design in the public sector has been the producing of the services through public- private partnership (PPP). As Meidutė and Paliulis state, the main goal of public-private partnership is to ensure high standards of public service, to create, maintain, renew and develop quality living environment (2011). By combining resources, high quality services can be created with better expertise and capabilities that would not otherwise exist (Robinson & Scott, 2009). However, in order to successfully follow through service design partnerships, it is crucial to find the main challenges that need to be tackled in these projects.

Service design has gained extensive interest from different fields of research during the last few years. However, service design in the public sector is quite a new topic and lacks further research. Service design has been considered largely from the perspective of design in existing literature. What current research lacks is applying proper service design models for the public sector. Previous literature has mainly focused on the governance and networks of public- private partnerships. However, it dismisses the aspect of how to acquire service design know-how, which is the aim of the present study.

The case studies that the research is based on are both related to the theme of cycling in the city. The Finnish Ministry of Transport and Communications (2011) has prepared a new strategy to strengthen the position of walking and cycling nationally by the end of 2020. The target is to increase the share of walking and cycling from 32 per cent to 35 - 38 per cent in the transport mode split, and to correspondingly, decrease the proportion of short trips made by private cars.

The two cases examined in this research are City bikes and Bike center. Shared bicycles, City bikes, are brought to the cityscape for being part of the city's transportation infrastructure to improve journey times, to reduce carbon emissions and ultimately to ease short distance commuting in the city. Bike center functions as a service point or a network of service points offering cycling related services to current and future cyclists (WSP, 2012). Both of these city services are formed through collaboration of public and private sectors in the city of Helsinki in Finland and the research focuses on the challenges faced by the partners in the design of these services.

Forum Virium Helsinki, a company partly owned by the City of Helsinki, whose main activity is to manage development projects together with the public sector and business partners, commissioned this research. Developing digital services with the public sector to assist in tackling societal challenges, Forum Virium Helsinki is interested in public sector development and piloting the services in a real life context. In further detail, the thesis is done in the context of the Smart

city project area, which is involved in the development of digital urban services that make travelling and living in the city easier. The two projects chosen for the cases are complementing other Forum Virium Helsinki's projects and support its activities relating to transportation and biking in the city.

## **1.2 OBJECTIVES OF THE STUDY**

Service design being a relatively new phenomenon, the public sector in Finland has not yet obtained proper infrastructures to design public services. Furthermore, because of immense governmental structures, new methods of planning the processes are difficult to integrate. In order to create better services to the public by acquiring know-how, financial or other resources, partnerships with the private sector are formed.

The importance of this study is based on the challenges that occur when designing public services through collaboration with the private sector. In these service design projects many of service design elements are missing due to the novelty of service design practices and the lack of resources or knowledge in the public sector to use these. More research needs to be made in order to find out how to successfully follow through a public service design project.

If the planning of the service fails, public service design project is not likely to succeed or be initiated at all. That is why it is crucial to find out what kind of partnerships most likely result in successful service design. Furthermore, identifying the common challenges in partnerships between public and private sectors would help in understanding the complexity and governance of such collaboration projects. Moreover, methods to overcome these challenges are missing and in need for further examination.

The governmental structures being massive and processes long lasting, collaboration with private sector has assisted in making higher-quality services available to a wider public. The aim of the research is to enlighten the function of

service design in the planning of public services. As the design of the public services much depends on the governmental structures and practices of different municipalities the empirical research is performed in one location, Helsinki.

Consequently, the 1<sup>st</sup> objective of the research is:

*Assess the integration of service design in the public sector in Finland and more specifically in Helsinki.*

Furthermore, the objectives of the research is to examine how to foster service design in the public sector and what are the challenges in the design of public services. Through the two case studies of public service projects two different types of models of using partnerships are observed. The collaboration of the two sectors aims to create a better service to the public to consume. Subsequently, the 2<sup>nd</sup> objective of the research is:

*Evaluate how to tackle the challenges identified.*

Driven from these objectives, the research questions of the study are approached through first examining the following sub- questions:

What are the main challenges in obtaining service design know-how in the public sector?

What are the main challenges partnerships bring out in public service design projects?

The main research questions this study aims to answer are:

**// What kind of procedures would assist in fostering service design in the public sector?**

**// How to overcome the challenges brought forth by partnerships in public service design?**

### **1.3 RESEARCH STRATEGY**

One of the first steps of the research was identifying and developing the research objectives. The strategy of the study was to first examine the topic from theoretical perspective and then, by conducting an empirical research, to collect results from practice. The empirical research is based on qualitative multi-method approach in accordance to the research objectives of the study. The nature of the research is mainly deductive where the theory is narrowed down by conducting research and confirming the obtained observations. However, inductive elements of the research arise in the discussion chapter where results are evaluated and then constructed into further suggestions.

### **1.4 DEFINITION OF TERMS**

The following terms form the core of the research. As to limit their interpretation, the next definitions will enlighten in what context the terms are used in this study.

#### **SERVICE DESIGN**

Service Design in this research is considered in its widest form. It is a discipline helping to improve and create services and the process and strategy to provide those services in a human centric manner. In one end it is considered almost as strategic design and on the other, it is the design of the actual elements of the service. (Meroni & Sangiorgi; 2011, Moritz, 2005; Miettinen, 2011) The design skills are applied in the everyday life of the service designers and the users. Actually, the users are always also part of designing the services.

#### **PUBLIC SERVICES**

Public services are services that the government offers to the citizens. They are not necessarily produced by the government nor are they inevitably massive at structure. These encompass a variety of services from social services to guidance offered in the streets of the city.

## **PUBLIC SECTOR**

The public sector also known as the government has the responsibility to offer services to the citizens. It works both nationally and locally and comprises of its employees, officers. The goal of the public sector is ultimately to work for the common good of the citizens.

## **PRIVATE SECTOR**

The actors and companies that are not controlled by the state and who are working towards profit, may it be financial or measured in other terms. The private sector encompasses also actors of the community. Private non-profit organizations are also part of the private sector.

## **PARTNERSHIPS**

Public sector and private sector are forming partnerships for the mutual interest. Partnerships can also happen in networks of multiple actors (Powell,1990; Ysa, 2007) and are set out to achieve effectiveness for both parties (Osborne, 2000; Tuulaniemi, 2011).

## **1.5 STRUCTURE OF THE THESIS**

The thesis will comprise of six main chapters (Figure 1). After the first introductory chapter, a review of the current literature will be presented. The research gap is built through a theoretical framework around which this research takes place. In the third chapter, the qualitative research methods to examine the two case studies are presented. In the material chapter the qualitative data acquired by expert interviews and the results of the multi-method approach to the case studies are presented. In the discussion chapter, the main findings of the case studies and interviews are presented. To conclude, the sixth chapter will summarize the research as well as give practical implications of the study. Furthermore, suggestions for further research are drawn from these

implications. The Figure 1 presents the six main chapters of the research and the questions these set out to answer.

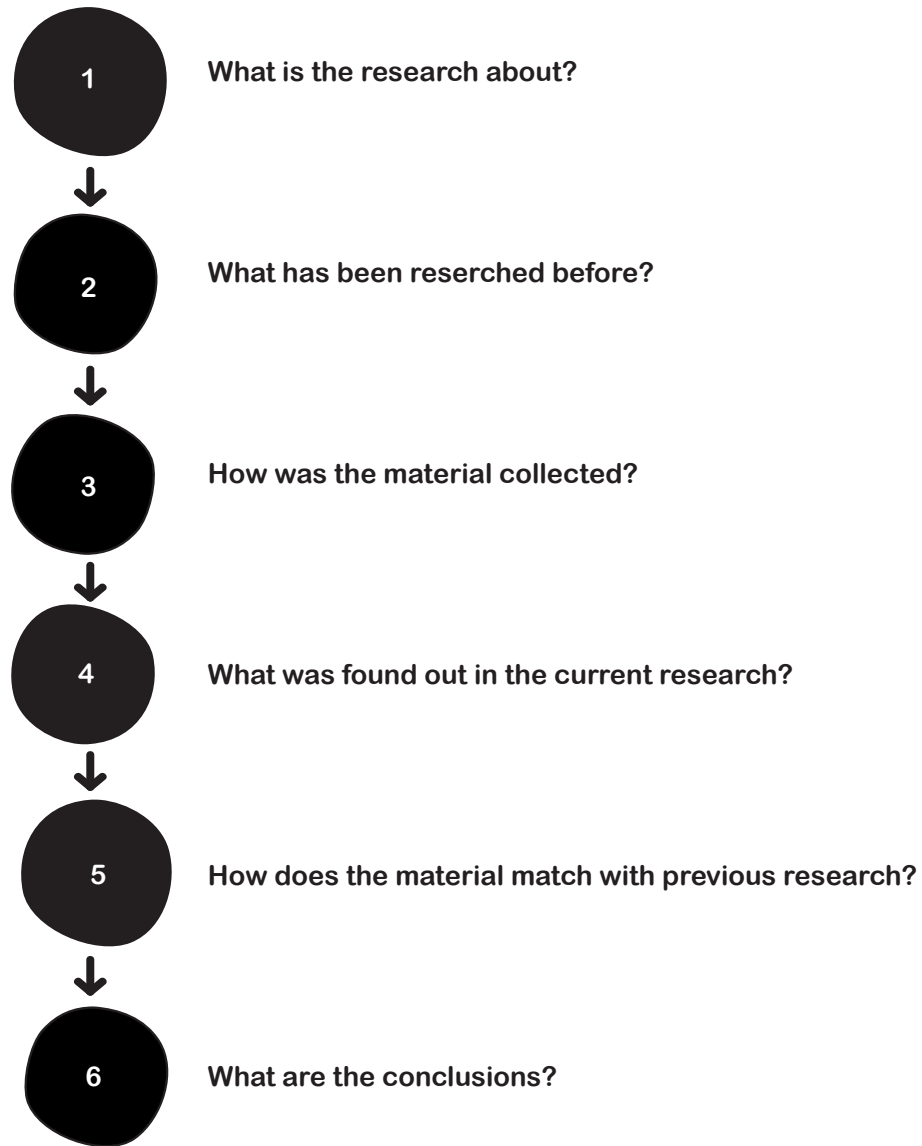


Figure 1 Structure of the Thesis





## **2 DESIGN FOR PUBLIC SERVICES – REVIEW OF CURRENT LITERATURE**

The review of literature summons up the existing relevant research of the examined subject. Furthermore, it presents the scientific background on top of which an appropriate framework is built. First, an introduction to service design is presented and its implications for public services are shown. To understand better the relationships between the public and private sectors, different theories of partnerships are examined further. Through underlining the key issues in the different areas of research, a theoretical framework is built upon which, an in depth evaluation can be constructed for further analysis in the discussion -chapter.

### **2.1 DESIGNING SERVICES**

Interest to service design has risen from the beginning of the service era. Today, services dominate the economic landscape (Sundbo & Toivonen, 2011 p.3). Moritz (2005, p.23) identified booming service economy, satisfied product market, developed technology and the individual needs of humans as main drivers to service revolution. However, services are not just productions separated from the entities around them. Gummesson (2012) sees society as a network of service systems in which we are all actively involved.

Professionals working in the service sector are not necessarily aware that they are working with design and use Service Design to improve it (Moritz, 2005). In order to better understand the design of services, first the characteristics of services and the rise of service era should be looked into in further detail.

### **2.1.1 SERVICE REVOLUTION**

The share of services in the turnover of companies manufacturing traditional consumer- and industry products has augmented and there seems to be no stop in this. According to Statistics Finland, the share of services in the GDP is already over 60 per cent (Miettinen, 2011, p.21). A common phenomenon has been the increasing role of intangible assets as sources of value in comparison to tangible assets (Sundbo & Toivonen, 2011 p.2).

Through blooming service industry, the traditional distinction between products and services has begun to blur. Products are more often tied up with services. This makes them more desirable for the public or generates novel attributes. Plenty of examples of such coalitions exist such as combining web-based services to products (Miettinen, 2011, p. 22).

Gummesson (2012) sees the division in goods and services is irrelevant. What is relevant instead, is that the supplier offers value propositions. Value is created in co-operation with stakeholders in a network of relationships in which they interact, called co-creation of value. All who are involved in this add value and become active (Gummesson, 2012). Value creation and co- creation are important concepts when talking about services and service design.

Research in services have been traditionally carried out in both on the basis of general innovation theories and on the basis of service specific theories. However, in recent years, a third approach, service design, has gained ground.

### **2.1.2 FROM DESIGN TO DESIGN FOR SERVICES**

Services have been provided for a long time. However, when offering slightly complex services such as whole systems instead of simple functions, design can provide help (Moritz, 2005 p. 39). Moritz (2005, p. 19) describes service design as a multidisciplinary approach. Business, design and related fields such as technology have been identified as overlapping components when designing

services (Miettinen 2011, Moritz 2005 & Tuulaniemi 2011). The main challenge is to overcome the differences between the three different schools of thought. (Sundbo & Toivonen, 2011 pp.3-4). Moritz (2005) presents the service design expertise through illustrating what kind of fields of expertise service design includes (Figure 2).



Figure 2 Service Design Expertise (Moritz, 2005 p.49)

According to Design Council (2006), good design creates products, services, spaces, interactions and experiences that not only satisfy a function or solve a problem, but that are also desirable, aspirational, compelling and delightful. Organizations in both the public and private sector seeking to transform the way in which they connect to individuals, need these qualities. This transformation has affected the evolvement of new disciplines to design throughout the years.

In the first decade of the 21st century two important shifts have arisen: firstly, in where design skills are being applied, and secondly, in who is actually doing the designing (Design Council, 2006).

Arising from Design Thinking, service design possesses much of its qualities (Moritz, 2005). Design Thinking is a deeply human process that taps into abilities we all have but get overlooked by more conventional problem-solving practices. This discipline driven forth originally by IDEO design agency brings together what is desirable from a human point of view with what is technologically feasible and economically viable (IDEO). This human centric approach is also dominant in service design.

As such services are not as productive and satisfying as they could be. Service Design helps to innovate or improve services (Moritz 2005). It can provide assistance when designing complex systems and processes. Service design (SD) helps to construct a service organization, which wraps around interaction and user experiences (Miettinen, 2011, p.30). The ultimate goal of designing services is an entity that is not only desirable and usable from the customer's point of view but also efficient and recognizable from the producers point of view. Designing services is described as an ongoing process rather than a process of short duration. It is used to plan and shape meaningful service experiences as well as to provide guidelines and strategies (Moritz, 2005, p.40).

In the core of service design from the perspective of the company is customer value. In this context, service design should answer the question of how many of the service improvements actually influence on the customer value. In the end this comes up to: 1) how much the customer is willing to pay from the service, 2) how frequently will the customer buy the service and 3) would the customer recommend the service to his peers. By covering these three goals, the service can actually be said to bring value to the customer (Tuulaniemi, 2011).

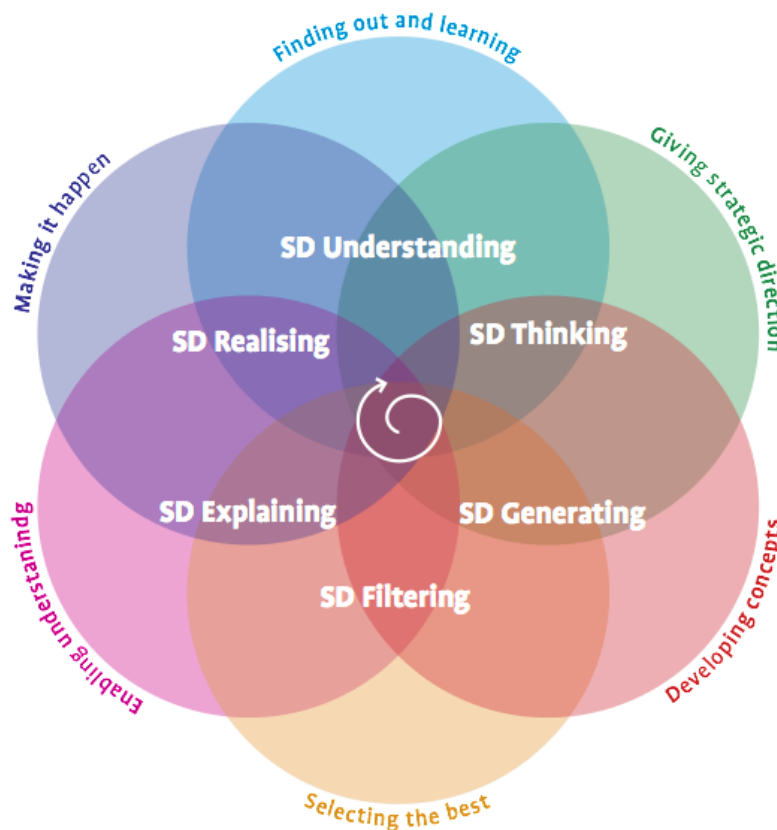
Koskinen (n.d., p.22) describes service design as designing service related communication. It consists of three areas. Firstly, designing service environment related communication, which includes communication with several of the senses. Secondly, designing service process related communication, which includes the design of communication material such as brochures and web pages. Third area is the development of the communication of service personnel. Service design is seen as part of brand development or even the development of the service brand.

The problem that companies are facing in many cases is that the service being marketed is not in line with the service designed. This can cause confusion among the consumers and dissatisfaction to the service. This is partly due to the silos in the companies. Marketing, production and implementation of the services are done each in different departments. Here, service design has risen to be a combining factor to a set of actions that an enterprise should do (Palmu, 2012).

Meroni and Sangiorgi (2011) foresee a shift from service design to design for services as a means for a societal change. There has been a service design practice transformation that has changed the process from the design for service interactions into a new kind of *Design for Services*. In a wider context, design for services contributes to strategic design that aims to introduce major changes in local patterns, behaviors and systems (Meroni & Sangiorgi, 2011 p. 155). This is done through a system of rules, values, beliefs and tools. In practice, however, service improvement is seldom done regularly, systematically or even intentionally (Moritz, 2005).

Designing services can be looked at from a process perspective (Figure 3). Different processes are identified to describe the design path that leads to services being ready for the user to consume. It is important to understand the process in order to develop an understanding of what service design encompasses.

Moritz (2005, p. 123) has grouped the different stages of service design into six categories: Understanding, Thinking, Generating, Filtering, Explaining and Realising. The stages well describe the ongoing process that service design is at its core (Figure 3).



**Figure 3 Different Stages of Service Design (Moritz, 2005, p.23)**

One of the processes described by a service design agency Palmu has four steps: 1) Understanding and crystallizing, 2) learning and ideation, 3) selecting, 4) testing and developing (Palmu, 2012). Similarly, the primary phases of the service design process are categorized into three parts according to Miettinen (2011, pp. 37-38): 1) understanding customer insights, 2) putting ideas into

service concepts and 3) developing the idea further through modeling. Additionally, the process is replenished through the launch and maintenance of the service.

What most of these service design process descriptions are lacking is the continuity of the design after the implementation. Maintenance and development are mentioned, however not necessarily sufficient to maintain and renew the service. Moreover, these processes are defined in the setting of service design in general. These processes seem to be more suitable for simple processes. Their adjustability into describing the design process of public services might not however apply. Especially in public services, it is crucial to take in concern how the service develops after being implemented.

### **2.1.3 CO-CREATION IN SERVICE DESIGN**

The traditional development of services has lately been replaced by co-creative service design. Miettinen (2011, p.21) describes it being part of a wider phenomenon where the emphasis of product development has shifted to generate new ideas based on the creative process done together with the customers, called co-design.

Although user-centric design has been an acknowledged phenomenon for quite a while, Miettinen (2011, p.23) finds service design demanding an even more intensive collaboration with the customer and other partners involved. Meroni and Sangiorgi (2011 p. 203), in their analysis of 17 case studies, observed that service design includes a strong human-centered approach. This approach for services establishes in the capacity and methods to investigate and understand experiences and interactions when designing new services. Service interactions can be examined from various perspectives. Firstly public's interactions with the service, and in a wider scale their communities or organizations. Secondly, exchange between staff and their organizations and thirdly, between the different service systems.

In their research about the co-creation of value in public transport, Heiko, Mikael and Bo (2010) found out that consumers co-create value with the public authority in many levels. Self- service functions such as buying a train ticket reduced both time and expenses of the consumers. In addition, automated ticket machines with informational touchscreens facilitated the process and gave more information for example about paying methods.

In this research, service design is considered to encompass a highly user-centric aspect as such. Therefore the impact and role of co-creation with users is not examined in further detail separately.

#### **2.1.4 SERVICE DESIGN METHODS**

Different methods have proven to assist innovation in the public services (Design Council, 2008). Furthermore, Design Council (2008) states that design methodologies can improve service delivery in five key ways:

- 1) Developing more personalized services
- 2) Harnessing the knowledge of frontline staff
- 3) Managing risk by prototyping new ideas
- 4) Improving efficiency and value for money
- 5) Giving service users more control.

Rapid prototyping helps to bring out problems already in the early stage and the collaborative nature of many methods help in engaging public sector workers, frontline staff and users in the development of the services (Design Council, 2008). User observation helps in revealing hidden needs, motives and values. Creating personas or behavior profiles helps in getting into the users position (Sorsimo, 2010). With service blueprint a model of the service is created where the interaction between the different parts of the service can be better seen (Sorsimo, 2010).



Service path is a set of sequential instants that establish from the choices that the customer makes and the process that the service provider has. It is a tool to describe the service offering (Tuulaniemi, 2011, p. 79).

Pilot projects, service prototypes and living labs are common for testing the service solutions with the actual users. They allow for new system configurations to gradually emerge, based on shared learning process (Meroni & Sangiorgi, 2011 p. 121). Pilot projects are used to test the service before the actual launch of the system in a wider context. Pilots normally last for a shorter period of time and are carefully reported to draw conclusions for the further service improvements (Design Council, 2008).

The design methods are seen to assist in the overall service delivery and could assist in obtaining service design-know how through practice. As such, different methods are appropriate for distinct types of services and researching the effect of the methods to the service outcome would be a topic lacking proper research. However, in the current research service methodologies are not further investigated, but as such presenting them will assist in understanding the service design process.

## **2.2 DESIGNING PUBLIC SERVICES**

One of the areas service design has gained ground recently has been the public sector. In order to comprehend the position of service design in the making of public services, it is crucial to look at the background of service design in the public sector at the moment and whether there is actually a need for it. Since this research is based on two case studies of service design projects in Helsinki, examples of service design in the public sector in Finland are looked at in further detail.

Societies are facing new kind of challenges, which has forced the governments to take innovation in public services more seriously. Ageing population,

immigration, climate change, environmental degradation and the economic downturn are all problems that the public organizations seek to solve (Meroni & Sangiorgi, 2011 p. 119). The citizens tend to see the public sector as an environment not so easy to comprehend and where performing tasks is difficult (Määttä, 2010).

Public services have traditionally developed through the structures of the society and the development of the systems. Actually, most of the services we consume at the moment have not been designed as the services of 2010's. Governmental reforms have also changed the way services are governed and designed. Reforms made during the regression in the 90's in Finland started the shift for the development of new, more collaborative models for service production. Before, the steering system of service production had mainly been hierarchy where services were produced inside the organization (Määttä 2010). The traditional ways of providing services were classified as market production and government production (Osborne, 2000 p.84) According to Plummer (2000, p. 21) in the past the aim was to provide municipal services almost solely through the public machinery since municipalities had concerns in private sector involvement in providing services.

In public services, the market orientated mechanisms and especially the internal, co-operation based purchaser-producer split of the corporation, which has developed towards hybrid organization, have become common in recent years (Määttä, 2010 p.13).

### **2.2.1 PUBLIC SERVICE DESIGN**

Current research has dealt with public service design from different standpoints, discussed about same topics with diverse concepts. The design of public services, like service design in general, can be looked at from multiple interdisciplinary perspectives. Different organizations, departments and even individuals inside the public organization have different practical implication on what service

design signifies. Sundbo and Toivonen (2011 pp.3-4) identify three different schools of thought in their research: general innovation theories, service specific theories and service design theories. Overcoming the gaps between these perspectives remains a challenge also in the public sector.

Meroni and Sangiorgi (2011 p. 119) identify more collaborative service models as a way of redesigning public and community services. As for describing the new service configurations that a more complex service design that is needed in the public sector requires, Meroni and Sangiorgi (2011 p.122) present the new role of design for services. The core of it is supporting the sense-making process of the partners, through field studies, strategic conversations, idea generation, visualizations and prototyping, as they configure the opportunities for radically new service solutions.

However, bringing design into the public organizations structures is not dependent only on physical resources and governmental structures. There still exists a gap between the private sector's service design and the service design in the public sector. It is essential for the organization to be capable to apply and assimilate design thinking in order for the designed propositions to develop into a service delivery. So as to create design readiness, organizations have to enlighten where design fits in their wider development process (Bailey, 2010). Design readiness, or absorptive capacity, develops cumulatively and requires a long-term investment from the state.

Well-established public service reforms have been made in the UK and Denmark (Hardley & Pederson, 2008) and they are, therefore, sites of particular academic and policy interest. Both of the countries engage in comprehensive programs of development of public services. Denmark also has a long history of having service design in the political agenda and programs have been launched to promote design in solving the challenges in the public sector (Scherfig, Brunander & Melander, 2010). In the UK, the Design Council is the national strategic body for design. According to the Design Council (2006) their process is human-centered

and interdisciplinary. Their goal is to enable UK managers to become the best users of design in the world. However, this is not the situation in most countries and a true need for service design professionals in the public sector exist (Tuulaniemi, 2011 p. 285).

### **2.2.2 PUBLIC SERVICE DESIGN IN FINLAND**

Governmental guidelines and reforms made influence on how service design is realized in practice and therefore this varies from country and location to another. Since the current research is based on the empirical data on two cases in Helsinki, the context in which public service design is discussed in this research is Finland, and more specifically, the City of Helsinki.

Public service design being relatively novel procedure, the public sector is lacking experience and supportive structures. Successful service pilots and projects exist and have lately been developed more openly together with the users. However, the design of public services lacks government commitment and structures and projects work rather separately from one another. Provoke (2010) suggests that the role of the public sector is to be an example – develop its services and publish the experiences openly for everyone to see.

The City of Helsinki introduced a Business friendly partner – project area to produce more user-friendly services in the future during 2008-2010. One of the goals of the project was to ease the process of private event organizers to apply for a license from the city. Through an e-service, the organizer could better apply for needed permissions and search for information. Normally each of the licenses have to be applied from as many as 18 different city offices and other actors so this procedure takes time. Through the methods of service design, the process could be redesigned to a more customer-oriented service (The City of Helsinki, 2012). Two Master's lever researches were made concerning the service paths of the project in Aalto University. A Master's Thesis focusing on the development of customer-oriented service networks in city context was done for

the Business friendly partner –project in the department of marketing by Monika Rautvuori in 2010. Kirsi Haikio examined the same project from the perspective of using design methods as support for service design in her Master’s work in the School of Art and Design in 2010.

A pilot program called Design Exchange (2012) focuses on bringing government and design together. In the exchange, the strategic designers are embedded in the municipalities and ministries in Finland. The goal of the program is to build design capability to public sector and prepare a new generation of strategic designers in Finland. It is led by Sitra, The Finnish Innovation Fund and is a globally unique initiative with a number of yearlong placements opening up during 2012.

There are development companies offering support in producing and facilitating service projects in Finland, owned partly or fully by the cities. These include Forum Virium Helsinki, which is focusing on digital services in the City of Helsinki, and Culminatum Innovation, which is developing services and competitiveness in the Helsinki Region.

Universities are also taking part in the design of public services and through collaboration projects. For instance, Aalto University’s 365 Wellbeing program contains 12 projects, relating to healthcare and wellbeing which represent actual services in the cities of Helsinki, Espoo, Kauniainen and Lahti. It underlines new working methods in design, such as service design and the openings it provides for municipal decision-makers and the public using the services (Aalto University, 2012).

## **2.3 MULTI ORGANIZATIONAL ENTITIES IN PUBLIC SERVICES**

A growing recognition has been that service is increasingly being delivered by multi- rather than single-organizational entities (Purchase, Mills & Parry, 2011).

The obligations that the public sector has to follow such as legislative regulations might cause a short-handed service structure and massive overall infrastructures. It has been noticed that these structures could benefit from financial exchange with consumers or private organizations that, in return, would get value by using the public resources (Tuulaniemi, 2011 p.42).

### **2.3.1 PUBLIC PRIVATE PARTNERSHIPS – THE THIRD WAY**

Partnership is based on joint decision-making and production in order to achieve effectiveness for both parties (Osborne, 2000 p.85). This relationship, also called 'third way', positions itself between market and government production and is known as public-private partnerships (PPP) (Osborne, 2000 p.84). Hartley and Pedersen (2008) describe the "Third Way" as a rhetoric aimed to capture a fusion of neo-liberal economic policies with social inclusion and citizen involvement in governance.

Ysa (2007) defines PPPs as institutional arrangements capable of mobilizing the necessary resources for public management by activating the creation of complex cross-organizational networks in which both public and private players participate.

OECD (2010, p.20) underlines in its innovation strategy that public-private partnerships based on established good practices, such as affordability, value for money, risk sharing, competition and transparency, can help strengthen public-sector innovation. What the public sector needs to have is capacity to create, manage and evaluate such partnerships.

The exchange relationships between the customer and the service can be distinctive depending on whether the sector providing the service is private or public. In private sector the relationship is economic, so that money is exchanged for a service, voluntary in that the customer has the option to choose whether to buy or not and direct in that the money directly relates to the service (Alford &

Speed, 2006). In the public sector the customer relationship is more complex. Value is not created to certain shareholders but rather for the public and consumed collectively. In addition the interaction can be involuntary. Alford and Speed state that the agency seeks to make certain that it can achieve its regulatory outcomes at minimum cost to the public purse (2006, p. 318). The differences in the relationships between the customer and the producer causes challenges in managing multi producer projects.

However, similarities in the service production can be seen as well. Tuulaniemi states that the customers that the private and public sectors have are same, the needs that the services are trying to fulfill are same for both (2011, p.281). Therefore both sectors have the same goal: to offer as much results as possible with as few resources as possible (Tuulaniemi, 2011, p.281).

The driver for providing service to the public through a partnership seems to be ensuring the quality of the service. Meidutė and Paliulis (2011) state that the main reason to form public-private partnerships is to ensure that the standards of public services remain high. This is done in order to achieve and develop a quality living environment. Through co-operation with the private sector, public authorities can offer high –quality services with private sector expertise and finance that they would not have the capabilities or resources to offer otherwise (Robinson & Scott, 2009. p. 183).

Improving output specifications and creating a partnership with mutually agreed goals are the main ingredients for a successful public– private partnership according to the research made by Robinson and Scott (2009). In order to resolve whether a public private partnership is successful or is meeting the service needs of the municipality, it is necessary to identify the needs that will be addressed and agree on objectives (Plummer, 2000 p. 19).

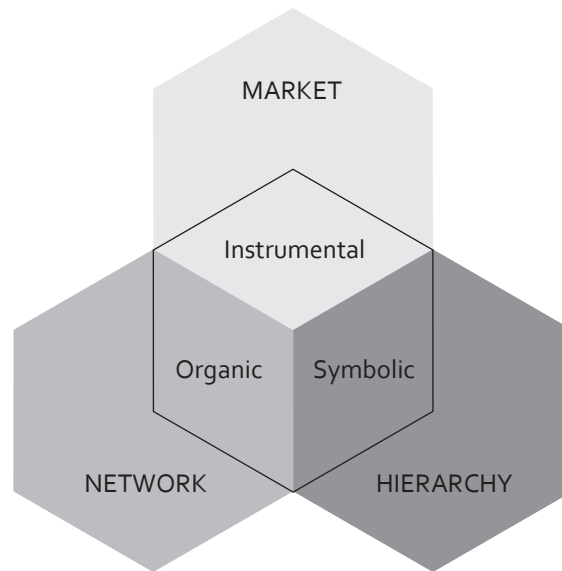
### 2.3.2 NETWORKS

Networking has had a wide scale of synonyms during the years: team working, multiprofessional collaboration and constructing partnerships. However, often these different concepts, their content and relations among them come out ambiguous (Järvensivu, Nykänen & Rajala 2010). Järvensivu, Nykänen and Rajala (2010) state that many barriers for networking exist which prevent the actual change towards a functioning network to take place. These barriers include: the daily routines leave no time for collaborative work, the interests of ones own organization do not match the interests of the others, hierarchical management and horizontal collaboration do not match, the structures do not support collaboration or simply that personal chemistries are not in balance.

Powell (1990) identifies three modes of organization for networks: Market, Hierarchy and Network. In market-based relationships, the collaboration between the parties tends to be short-term and is based on invite to tender. Markets define the price. Clear products or services are best suited for market-based model, whereas more complicated systems hard to manage though it. Applying market oriented working methods to municipal hierarchy, means in practice that the hierarchy is divided into two parts, separating the purchasers and producers. The contracts between the two parties define the more specific guidelines of the contract (Määttä 2010, p.102).



In hierarchical relationships, long contracts outlining who has the control over the other in the relationship are normally formed. Municipalities are one example of such models. In networks, each actor is free to perform independent decisions and the contract between the parties is redefined throughout the process. Networks are flexible and the relationships in them based on trust and commitment.



**Figure 4 Ideal Partnership Types (Modified: Ysa, 2007, p.50)**

Based on the organizational division of networks, Ysa (2007, p.50) has classified ideal partnership types into three categories: instrumental, symbolic and organic (Figure 4). Instrumental PPP's are based on markets and the relationship between actors is competitive. Symbolic partnerships depend on hierarchy operating through a chain of command. Organic PPP's are based on trust and governed through networks. The form of governance depends on the power relationships between parties and evolves over time.

Instrumental partnerships aim to achieve measurable objectives shared by the parties involved. Most common uses are linked to the execution of infrastructures or providing a service by making the project viable. The key variable is the risk transferred from the public to private sector.

Symbolic PPP's have developed from the need to strengthen bureaucratic control over the public-private collaboration. The symbolic nature of the partnership arises from uncertainty of pursued goals or simply indulgence in public relations. The desire is to strengthen the hierarchy and position of the stronger party in relation to other participants.

Organic partnership is based on intention and the relationship between stakeholders is determined through negotiated standards. In such network, motivation and involvement are shared despite of differing contributions. Mutual trust of parties helps to achieve common goals. This is the ideal type of partnership studied in the literature but seldom found in practice. (Ysa, 2007)

## **2.4 FOSTERING THE CHANGE IN PUBLIC SERVICE DESIGN**

In order to develop platforms and skills to enable a culture of change, to explore new radical service models and use social technologies innovatively within service processes, new collaborative service models are needed according to Meroni and Sangiorgi (2011 p. 119). In Finland, the ministry of Transport and Communications (2010) emphasize the importance of open collaboration in our society, where third sector, research and the public solve problems and draw common guidelines, in their Digital agenda for 2011-2020. One of the goals of the agenda is to transform the siloed management into a more interactive collaboration. In order to achieve this although the roles and activities of the sectors differ, the different sectors need to commit to joint processes to reach common goals.

Societal challenges also demand new innovations and methods of working for governments. Meroni and Sangiorgi (2011, p.120) identify four main characteristics as conditions for the development of more collaborative solutions.

- 1) Emphasis on co-creation

- 2) Transformational and experimental design methods
- 3) New service system configurations that bring in new innovation actors and explore new business models
- 4) New media as enabling platforms

Through the fulfillment of the aforementioned characteristics public services can be redesigned in order to achieve a culture of change. That is co-design, design methods that build capacities and engage service participants, new actors in service production and digital technologies that ease collaboration and communication could be the key for a major transformation (Meroni & Sangiorgi, 2011, pp. 120-123).

#### **2.4.1 SOCIAL INNOVATION**

We can no longer regard the public as a separate actor using and consuming public services. Collaborative solutions aim to release design for public services from the traditional top-down approach. To continue, here the people are transformed from passive receivers to active participants (Jégou & Manzini, 2008). A new way of providing innovative social solutions has embarked where people come together and develop solutions of their own and others' needs without waiting for the government or the market to provide these solutions (Warnke & Luiten, 2008). Warnke and Luiten (2008) see these social innovations, called social enterprises, now mainly run by "heroines and heroes". However, a shift to a more wide range of actors producing these services is happening. Including elements from co-creation, community-centered design approach narrows the gap between the users and the producers of the services.

#### **2.4.2 TRANSFORMATIONAL DESIGN**

Design Council (2006) describes a new approach to take design thinking to the transformation of public services called transformation design. The aim of the approach is to transform the ways in which the public interacts with systems, services, organizations and policies.

Transformation design happens in a truly interdisciplinary environment. Participants such as economists, policy analysts and psychologists take part in the design process. According to the discipline, a top-down innovation strategy is no longer appropriate for solving today's complex problems. Instead, solutions must be able to be picked up by those who will provide them. It seeks construct the tools, skills and organizational capacity for ongoing change rather than just the solution for the initial setting (Design Council, 2006).

Abovementioned characteristics come down to the basic elements of Transformation Design. Meroni and Sangiorgi (2011) describe two transformative design strategies. From outside-in, where users are involved in collaborative services and bottom-up initiatives and from inside-out where organizations drive for organizational change and new service models.

The practical problems raised to the designers and actors working with transformation design include leadership, value, tools and business models. The philosophical problems in the same context facing designers are identified as: the loss of personal creative authorship, shaping behavior rather than form, transformation design is never done, creativity happens in run-time, not just in design-time, diversity over quality and that design becomes a pro-amateurs community (Design Council, 2006).

The elements and methods used in Transformation design are used in other disciplines as well. However, joining up all these approaches into a consistent methodology is still comparatively uncommon.

### **2.4.3 MANAGING PUBLIC SERVICE DESIGN**

Both Denmark and the UK have invested in management development focusing on public organizational units and services engaging in self-governance. The dynamic society demands new methods of leadership from public service

managers who must continue to provide ever-improving and reliable services while also dismantling and reconfiguring these same services (Hardley & Pedersen, 2008). Moreover, Hardley and Pedersen (2008) state that high public expectations signify that managers are expected to act professionally and calmly while their tasks being uncertain, contested and ambiguous. To continue, Hardley and Pedersen (2008, p.335) state the following about managerial authority:

*“Self-constitution becomes increasingly important alongside statute and constitutional law. Thus, the stability and scope of managerial authority depends on whether the management position is accepted. The consequence is that a struggle over the right to manage and make decisions emerges both with respect to the classical governmental institutions and between the competing administrative and organizational units.”*

Hardley and Pedersen (2008) see public sector management as strategic communication. Management positions in network-like governance structures are created through negotiated relations and positions are not solely fixed. This can cause struggles with the recognition of negotiation interests and positions and dialogue and mutual agreements (Hardley, Pedersen, 2008 p. 336)

The proper management of partnerships is crucial since successful partnerships are not easy to achieve. Osborne (2000) identifies three types of strategies to make partnerships work: process management, project management and network constitution. Projects evolve from long-term interaction and that is why the subject of cooperation can change shape over and over again. Process management influences and facilitates interaction processes and helps to carry out processes of interaction between the actors.

#### **2.4.4 FROM GOVERNMENT TO GOVERNANCE**

The shift from government to governance shows in the development of public management practices. Governance has been the concept to describe a model where stakeholders are involved in taking responsibility for the political, economic and juridical development in societies, in dialogue with political authorities (Stø & Strandbakken, 2008). In this context stakeholders include all actors that are involved in decision making process both as individuals, businesses, NGO's and political actors.

Theories of public governance linked to user-based service approaches can be divided into three models: Public Administration, New Public Management (NPM) and Network Governance (Li Langergaard, 2011; Blomgren, Bingham, Nabatvhi & O'Leary, 2005). Public Administration holds a top-down view of the public sector, which is based largely on legislative, bureaucratic and rule-based order. It sees the users of the public services as clients without any direct influence on the service and considered out-of date for managing modern services.

New Public Management (NPM) model has its roots in the 1980's and ultimately aims at increasing the public efficiency by imitating the private sector (Li Langergaard, 2011, p.205). It underlines that politicians and officials have separate tasks and that service delivery should be separated from policy development. Rather than offering bulk services to the user, according to the NPM, consumers should have a choice between the different service providers, which requires extreme flexibility and adaptability from the public sector institutions. Furthermore, it builds on user-based services, where the public sector services are modeled according to a market and commercial model.

New Public Management (NPM) model has shown in the public sector through the blurring of the boundaries of public and private sectors (Osborne, 2000 p. 57).

Network Governance model has developed further from the New Public Management and includes the rise of networks and partnerships, innovation in democratic practice, the development of choice and co-production as service models (Li Langergaard, 2011, p.210).

In order to better understand the concept of network governance, it is crucial to comprehend what networks are. Networks are defined as connected governmental and nongovernmental agencies. What combines them is the involvement in a public policy-making and/or administrative structure through which information and/or public goods and services may be planned, designed, produced, and delivered (McGuire & Agranoff, 2011, p. 2).

In the Network Governance model, governance refers to networks involving different organizations: from the private, public and voluntary sectors, communities and service users. The public service production is done in partnerships where different actors are working with issues that they share concern with. Horizontal networks of public, private, and nonprofit organizations are seen as a new way of constructing structures of governance as opposed to hierarchical decision-making (Blomgren, Bingham, Nabatvhi & O'Leary, 2005).

According to Blomgren Bingham, Nabatvhi and O'Leary (2005) the new governance also involves people— the toolmakers and tool users—and the processes through which they participate in the work of government. Moreover, in addition to the tools and people involved, new governance involves also practices and processes for people to participate in the work of government.

#### **2.4.5 CHALLENGES OF SERVICE DESIGN IN THE PUBLIC SECTOR**

Tuulaniemi describes a service design mission, which rises from the huge challenges that the public sector has with treading a tightrope between scarce

resources and services that meet the demands of the public (2011, p.279). The mission is to use design in shaping public services.

However, service design in the public sector brings out new kinds of challenges. The complexity of societal problems and massive governmental structures are a difficult combination to master. In addition, managerial issues of multi-producer projects such as the ownership and management and the relationships and practices within them have to be dealt with carefully.

Challenges in the previous research on public service design seem to relate either to the society as a whole or to the actual service design project proceedings. The challenges dealt by previous research are thus in the current research classified into two different groups: societal and collaborative challenges.

#### **2.4.5.1 SOCIETAL CHALLENGES**

The way problems and challenges are viewed has changes over the years. Traditional view to problem- solving has been breaking them down into smaller and smaller chunks – like fixing a car. However, modern problems are complex rather than complicated. Complex problems are messier and more ambiguous in nature; they are more connected to other problems and difficult to predict (Design Council, 2006).



Managing new societal problems is a highly topical problem for governments. The challenges governments are facing at the moment require a more compound way of planning public services (Meroni & Sangiorgi, 2011 p. 119) than the traditional methods used in the public sector. According to Design Council (2006) hierarchical and siloed structures are perfectly designed to break problems down into more manageable fragments. However, what there are not designed for is handling high levels of complexity. For this reason, adapting to a more complex world is a true challenge for governments to solve (Design Council, 2006).



**Figure 5 Challenge Complexity Shift (Next Design Leadership Institute, 2011)**

Next Design Leadership Institute (2011) describes the change of traditional design 1.0 into social transformation design 4.0 (Figure 5). The characteristics of the new design are the complexity of the problems and its non-discipline specific nature. The challenges we are facing are influencing the whole country, society or even the planet. The larger scale of the problems indicates a different approach on responding to the service challenges they introduce. As a solution,

the synchronization of methods and tools to the scale and complexity that we now face.

Organizational structures in the public sector can be complex. This complexity also implies that is not conducive to develop seamless processes for citizens (Scherfig, Brunander & Melander, 2010, pp. 12).

The ability of municipal organizations to take advantage of private partners potential for development is often weak (Järvensivu, Nykänen & Rajala 2010, p.7). This is due to the governmental structures in which the boundaries between different units prevent the building of collective solutions. The current governmental structure in Finland is based on top to down mechanisms and strong self-governance. Especially the siloed structures of the government are seen to slow down efficient service development (Ministry of Transport and Communications, 2010).

Small working groups are formed to develop solutions to perceived problems. However, in the long run a new challenge to commitment arises and continuous development becomes challenging. This is described as the process of hierarchical development (Figure 6). The challenge in such process is how to sustain continuous development when facing points of irregularity where the trust and commitment of the actors needs to be rebuilt all over again (Järvensivu, Nykänen & Rajala 2010, p.7).

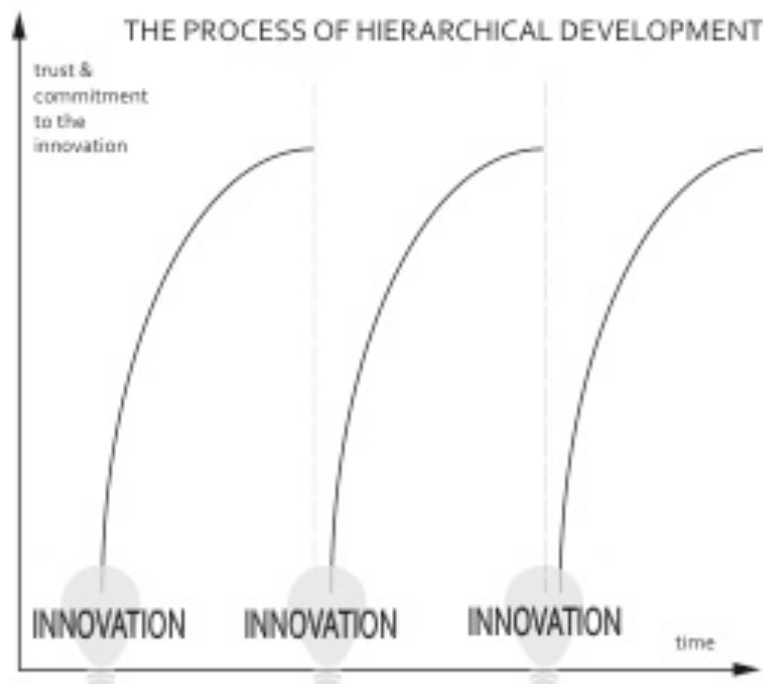


Figure 6 The Process of Hierarchical Development (Modified: Järvensivu, Nykänen & Rajala, 2010)

The obligations that the public sector has to follow such as legislative regulations might cause a short-handed service structure and massive overall infrastructures (Tuulaniemi, 2011, p.42). This makes applying of service design difficult. According to Koskinen (n.d., p.26) it is vital to include multidisciplinary scientific and technological competence in the project when developing service design competence. Governmental structures being immense managing projects with multidisciplinary expertise becomes even more difficult.

Because of the lack of posts responsible of the design and design regulations in the public sector, the traditions to better use design are inexistent. In addition, the bidding process with the service providers has been one of the main challenges, since the design is often left unnoticed. Helsinki has been one of the first cities in Finland to develop production-oriented services towards user orientation. (Tuulaniemi, 2011, pp.282-284)

Design Council (2008) has indicated three major barriers for design-led innovation in the public sector. Firstly, public service providers are often unfamiliar with strategic approaches to service design and only use design techniques informally. Secondly, purchasing processes of governments disadvantage small design agencies due to inflexible budgets, processes better suited for products than services and larger initiatives. Third barrier was identified as creativity-restricting organization of the public sector. The fact that public organizations tend to work in silos signifies that new ideas cannot flow around organizations or cut across departmental boundaries. In their paper, Hakio, Jyrämä and Mattelmäki (2011) similarly observed that siloed departments and perceived high hierarchy in the public organization created obstacles for joint activity. The organization of the sector has been seen as a huge challenge in the Danish public sector as well (Scherfig, Brunander & Melander, 2010, p. 12).

In the private sector service modularity has assisted in providing services that fit into the needs of individual users (Lehtonen & Tuominen, 2011 p. 248). Conversely, a challenge for the public sector is that a single service needs to simultaneously create value for different user groups. Hence, it is proposed that service models where differing value propositions could be taken into account could be developed.

#### **2.4.5.2 COLLABORATIONAL CHALLENGES**

Municipal organizations are hierarchically organized. Although service production is being tendered, the municipal actor is often responsible of organizing and developing the services in practice (Järvensivu, Nykänen & Rajala 2010, p.9).

One of the challenges the public sector faces is the realization of already created service concepts. Public sector can acquire service design knowhow to its structures by buying the concept design from a private company. However, in many cases only small parts of the delivered concept, often the most

inexpensive, have been realized rather than the concept as a whole (Vesterdal, 2009). Vesterdal (2009) states that the reason for this is the lack of concrete business cases and understanding of the formal and informal relations within the public sector. Furthermore, there is often no one to take ownership within the public organization and implement the service concept that has been built by an external service designer. If no-one takes responsibility or leadership of the project, they might not be realized at all.

What Hakio, Jyrämä and Mattelmäki (2011) concluded in their research involving co-design workshops, bringing the different actors out from the organizational culture to meet in informal encounters, eased to create trust and build relationships. Trust between the people and organization involved is seen as a facilitator for better communication and learning (Bailey 2010; Järvensivu, Nykänen & Rajala 2010). Trust is a crucial challenge, where the public party needs to trust the service provider to define what is required and how to do it.

Bailey (2010) identifies three kinds of challenges in designing public sector services: trust, gestation period and design readiness. Whether designers can develop a way of working within organizations where change will take time, is called a gestation period. Thirdly, the public organization needs to have design readiness to be capable to actually make the change that the solution requires.

Commitment to common goals and action is also crucial and trust and commitment are seen as qualities feeding each other (Järvensivu, Nykänen & Rajala 2010).

## **2.5 THE FOURTH WAY – FROM PARTNERSHIPS TO NETWORKS OF INTERDISCIPLINARY ACTORS: FRAMEWORK FOR THE STUDY**

What came up clearly when investigating the current research was that public services are already produced almost without exception through multi organizational entities. The current research aligns partnerships to assist in acquiring service design know-how to the public sector. As it is itself a relatively new discipline, all the more thoroughly applying it in the public sector is a true challenge. This framework presents theoretical conclusions of this study based on existing literature.

In order to answer the research question presented in the introduction, the sub questions need to be examined first. These sub questions that the current study set out to answer were:

What are the main challenges in obtaining service design know-how in the public sector?

What are the main challenges partnerships bring out in public service design projects?

These questions were answered by first classifying the challenges of public service design presented by previous literature into two parts: societal and collaborational challenges. The first sub question is countered through the societal challenges identified. The second sub question is similarly examined through identifying the collaborational challenges partnerships bring out.

Societal challenges arise from the society itself that the services are planned for. This is much in line with what the Next Design Leadership Institute (2011) describes as social transformation design including complex, societal messes. These societal challenges include the governmental structures of the public

sector, such as siloed departments and hierarchical and bureaucratic structures. The complexity of problems is a more wider societal challenge which relates to the massive problems that the societies are facing today such as ageing population and economic downturn.

Collaborational challenges again relate to the challenges that arise from collaborative work of several actors. Relationships and practices refer to the practical arrangements that each project network has and how these are organized. Communication, internal responsibilities and motivation are topics that can be included in this area. Challenges related to ownership and leadership include the management and follow through of the projects. Furthermore, it includes the continuity of the services designed and the challenge of who takes the ownership over them.

Where as public- private partnerships have been called as the third way aside with traditional government and market production. This study suggests a fourth way as more networked and collaborative form of partnership. In contrast to the third way, (Hartley & Pedersen, 2008; Osbourne, 2000) public-private partnerships, the fourth way tries not to make the distinction between the public and private sectors. The collaboration happens in an interdisciplinary environment including participation from the public according to transformational design strategies. Multidisciplinarity is seen as an important contributor alike in the findings of Moritz (2005). Public services should be designed by multi-organizational entities consisting of both public and private actors. Similarly as in the New Public Management –model, flexibility is required from the public sector.

In the theoretical framework of this research (Figure 7), the main challenges that are a barrier to public service design are mapped out. Determined from the previous research, the main challenges that public service design faces are in the current study classified into two distinct types of challenges: societal and collaborational. These two inevitably manifest side by side in the context of

public service design. Furthermore the societal challenges are divided into the complexity of problems and governmental structures. Correspondingly, the collaborational challenges are divided into ownership and leadership and relationships and practices.

Through fluent practices among the actors we have better capabilities in succeeding in the service and resolving complex problems. On the other hand the governmental structures, for instance, influence on how the ownership of the projects is formed.



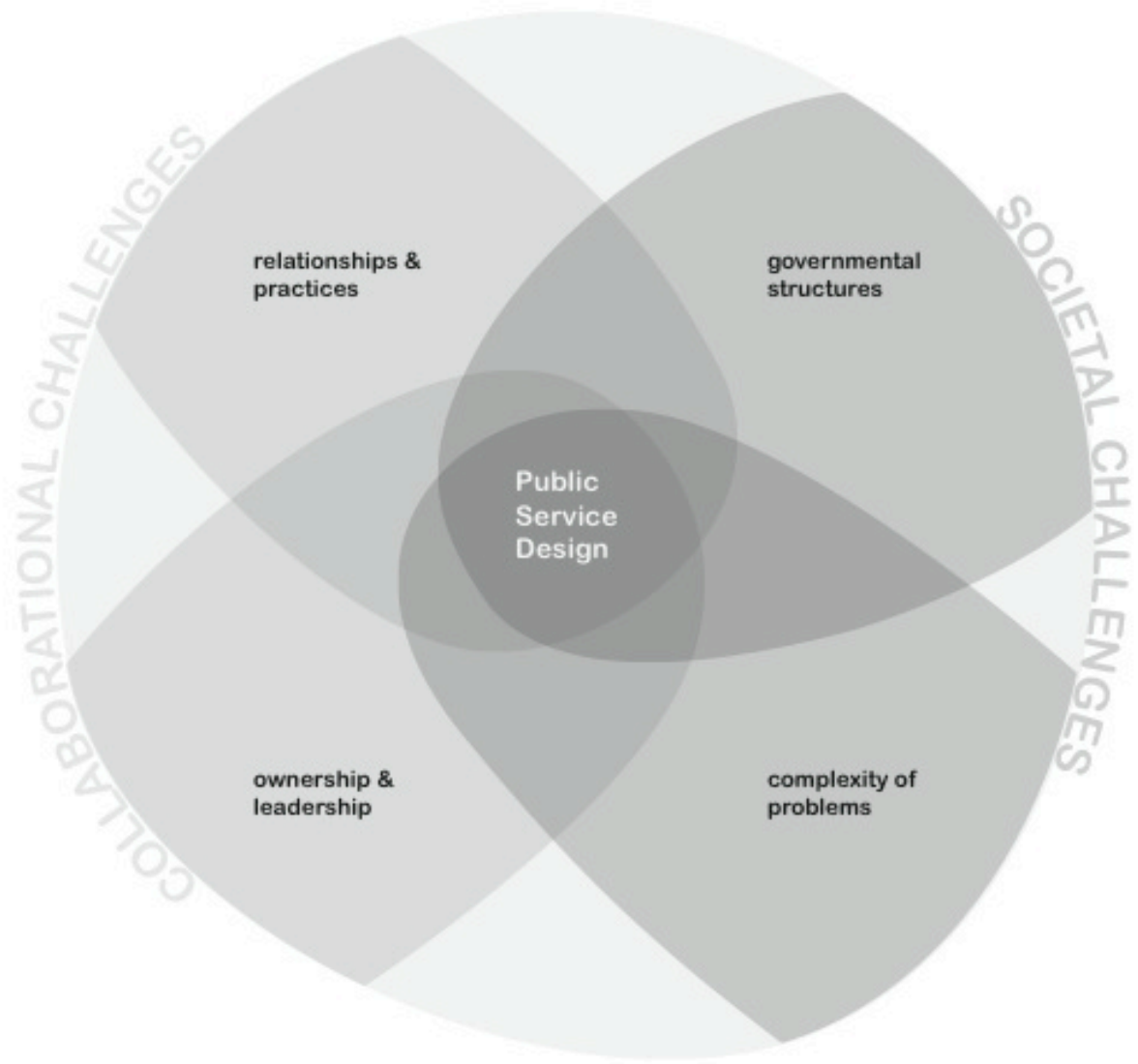


Figure 7 Theoretical Framework of the Study

## **3 METHODOLOGY**

This chapter describes the research methods chosen for the current research. It starts with presenting the qualitative research method that the study is based on. Subsequently, methods for collecting and analyzing the data of the research are introduced. As to reaffirm the credibility of the research the quality of the research is then evaluated through its credibility and validity.

### **3.1 RESEARCH METHODS**

The research focuses on how to foster service design in public sector and overcome the challenges brought forth by it. Furthermore, in order to better understand why there is a need for knowhow of service design in the public sector, it is important to form a holistic view of public service design. After constructing the theoretical background of the research in the review of the literature, the research process continues with presenting the research methods and ultimately analyzing the material through going back and forth between empirical observations and theory. The preliminary theoretical framework consists of articulated presumptions. Over time, it is developed according to what is discovered through the empirical fieldwork, as well as through analysis and interpretation (Dubois & Gadde, 2002).

Network research was specified as an important theoretical base for the current research in the review of the literature. Halinen and Törnroos (2005) state that the focus of a research being networks, increases the complexity of the research in many ways. In practice this means the planning of research design, the identification of cases and the collection of data.

### **3.1.1 UNDERSTANDING THE WORLD OF PUBLIC SERVICE DESIGN**

Qualitative research is about understanding someone else's world – and being concerned about the discovery itself (Gillham, 2005, p.45). Qualitative methods are descriptive and inferential in character and focus on evidence that will enable one to understand the meaning of current events (Gillham, 2010, p. 10). Furthermore they allow to explore complexities and view examined phenomena from inside out (Gillham, 2010, p.11), which are both crucial in the present context. Consequently qualitative methods were seen appropriate for the current research.

As the units of analysis in this research are two cases, it is important to first analyze in more depth the nature of a case study. A case study is defined as an empirical investigation that examines a contemporary phenomenon in a real-life context (Yin, 2009, p. 13). Although criticized of being too situation-specific for generalization, to an increasing extent, the case study approach has become a common method in many scientific disciplines (Dubois & Gadde, 2002). Case studies provide unique means of developing theory by utilizing in-depth insights of empirical phenomena and their contexts (Dubois & Gadde, 2002).

A case study is a particularly effective method for examining “why” as well as “how” and “what” questions. These questions are examinations about ongoing contemporary events over which the researcher has very little control (Yin, 2009, p.13). The research questions presented in the introduction were based on how and what questions.

In light of these specifications it is obvious that case study is most suitable for the study of service design projects in the current research. Halinen and Törnroos (2005, p.1287) present four major challenges of case research for a network researcher: problem of network boundaries, problem of complexity, problem of time and problem of case comparisons. The problem of network boundaries

relates to the difficulty of separating the content and context of a business network. The problem of complexity formed by structure and embeddedness creates central problems for a researcher as it is not easy to describe a network. The dynamic nature of networks creates problems with the timing of the research. The problem of case comparisons is relatively important in the current research as the goal is to create cross- case comparisons. This is crucial especially when establishing generality of some sort.

Case study in itself is a main method using different sub-methods within it (Gillham, 2010, p. 13). In the current research, interviews, observations, open-ended questionnaires and document analysis are used as sub-methods. Data accumulated by different methods but bearing on the same issue is called a multi-method approach (Gillham, 2010, p.13).

Halinen and Törnroos (2005) suggest a framework for network analysis that includes temporal dimension in terms of past, present and future. In this research the past is researched through background research and the present and future, through interviews and open-ended questionnaires.

Dubois and Gadde (2002) describe an approach called systematic combining which can be described as a nonlinear, path-dependent process of combining efforts with the ultimate objective of matching theory and reality. Thus it can be said that systematic combining is used in the current research through case studies and the review of literature.

### 3.2 DATA COLLECTION

Business networks involve more than two actors, which increases the potential access problems and workload in data gathering (Halinen & Törnroos, 2005). To avoid these challenges, the data for the research was collected through multiple sources. As aforementioned, this research is based on case study research constructed through a multi-method approach.

Halinen and Törnroos (2005) state that network studies have been carried out by using focal organizations, dyads or small nets of organizations in defining the unit of analysis. Furthermore, they continue that, bounding the case network needs to be done to trace the objectives of the study. Setting boundaries is necessary for defining the case and what belongs to it and to its context and for analytical reasons.

In the City bike case, the network is focused on the dyad perspective (Figure 8) where the focal actors are JCDecaux and Helsinki City Transport. The boundaries for the case are set through dyad perspective.

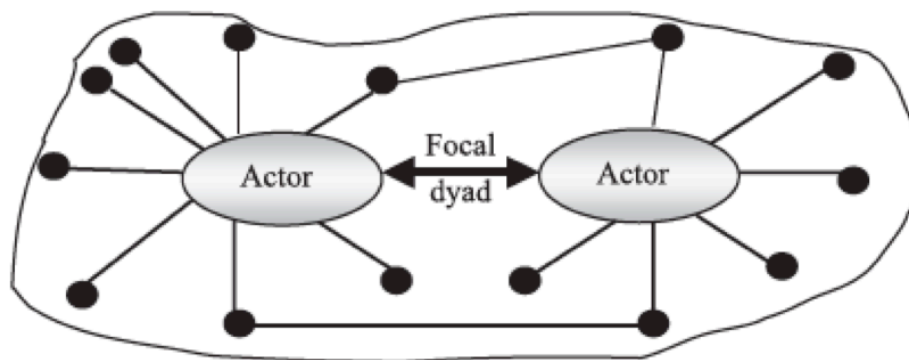


Figure 8 Boundaries Through Dyad Network Perspective (Halinen & Törnroos, 2005)

The Bike center involves a number of different actors that function as the focal actors of the network and a variety of other actor. The boundaries for the case are set through a Micronet –Macronet perspective (Figure 9).

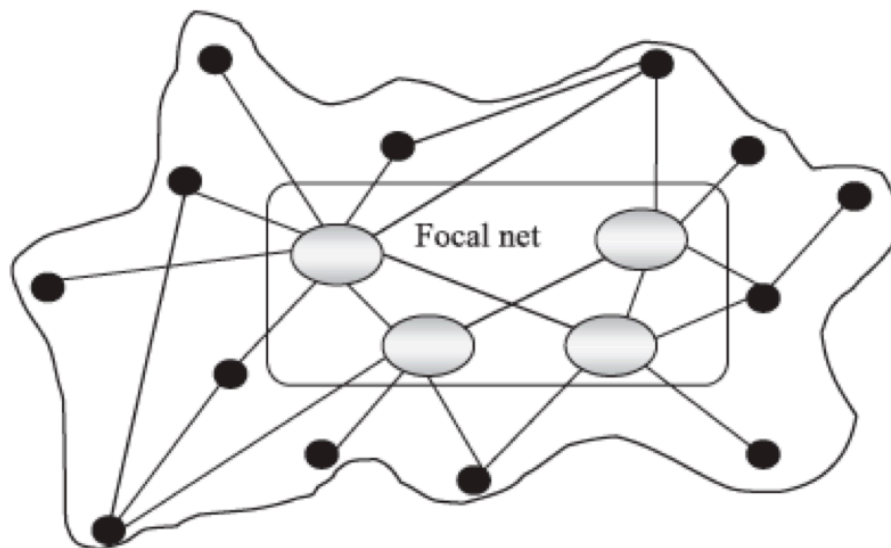


Figure 9 Boundaries Through a Micronet-Macronet Perspective (Halinen & Törnroos, 2005)

### 3.2.1 MULTI- METHOD APPROACH

In order to get a comprehensive idea of the two case studies investigated, multiple methods are used. The methods used in examining the two cases were background research, interviews and questionnaires. The three methods form a broad view to the projects through which the research problem can be examined more comprehensively. They allow the investigation of the research from within the organizations. The aim of the multi-method approach was to insure the triangulation of the material. Triangulation refers to the combining of multiple theories, methods, observers and empirical material (Moisander & Valtonen, 2006, p.24).

Since the whole research is constructed in two levels; challenges in public service design and in service design cases. Align with the research questions, the interviews were done in two levels. In one level, professionals and researchers working with service design were interviewed about public sector and service design in general. In another level, some of the actors in the two cases were

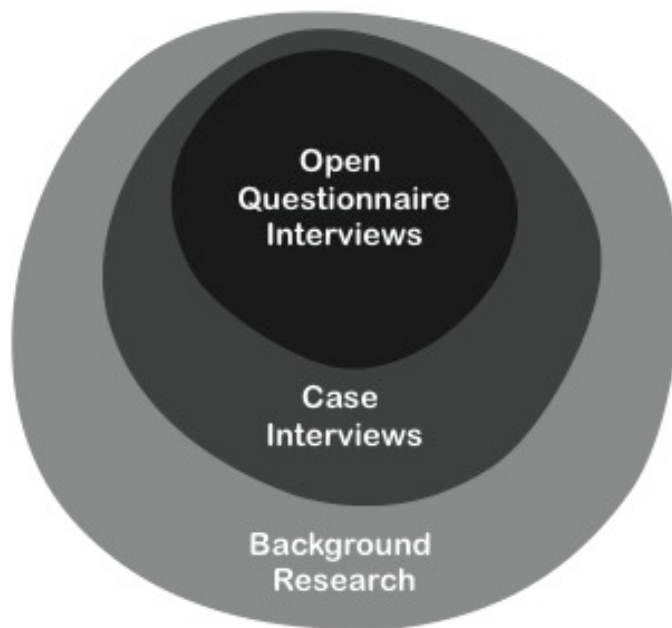
interviewed to get more insight on the actual projects as well as collect background information about them.

The available documents and memos are used as references for the background research and presentation of the cases. The public sector documents are generally at everyone's hand, so that they were easy to find. However, in order to get inside to the ways of working inside the public –private partnerships, more participatory methods of research were conducted as well.

Unstructured interviews were used in the research. Through a looser structure, the interviewees are allowed to give their account in their own way where more structured interviews may lose the thread of the narrative (Gillham, 2005, p. 45). The interviews were made by outlining the topic areas and wider questions. However, the questions and content was built during the actual conversation. The interviews were recorded through notes and taping.

The data for public service design was collected through expert interviews. Expert interviews, also known as *élite* interviews, were conducted to three professionals who have worked with service design and public services for multiple years. Consequently all of the interviewees had a strong experience in working with services and formed an interdisciplinary view to the topic through backgrounds from distinct fields of discipline. *Élite* interviews have to be loosely structured at best (Gillham, 2005, p. 54) so unstructured interviews were seen as best suited for the research. One of the interviews was conducted at a distance and two were conducted face to face.

One method for collecting the data for partnerships in service design was through interviews to the case project participants. The interviews were conducted to three actors of the Bike center case and three actors of the City bike case. The three methods for collecting the data for the case studies allow an in-depth understanding of the examined projects (Figure 10).



**Figure 10 Case Study Research Methods**

Gillham (2005, p.113) presents the open questionnaire interview which lies somewhere between a live interview and a standardized-format questionnaire. This was used to collect more specific information on the two cases in the form of open ended web questionnaires during a three-week period. First a background information questionnaire was sent after which the actors were asked to answer open-ended questions about the week's proceedings during a three-week period.

The aim of the questionnaires was to map out the frequency of meetings and contact with other participants in the project. Also the goal was to find out the major challenges that the actors were facing weekly. The respondents were asked about the case they were working with, their background information and in the final questionnaire overall challenges and views about public service design were asked more specifically.

The number of the respondents of the open interview questionnaires were following:



**Table 1 Open Interview Questionnaire: Number of Respondents**

	n All respondents	n Bike center	n City bikes
Background questionnaire	10	4	6
Week 1 questionnaire	8	4	5
Week 2 questionnaire	9	4	5
Week 3 questionnaire	10	4	6

The same questionnaires were sent to an average of 15 respondents who took part actively in planning and executing of one of the cases during the three week period. The amount of the sent questionnaire varied (+/-1) due to changes in the projects. During the three week period new members entered both of the cases and respectively some opted out. The two cases had actors that were working on both of them at the same time. Thus the n of All respondents might be smaller than the n of the two cases –specific responses together.

### **3.3 DATA ANALYSIS**

All of the interviews were first transcribed by an external transcriber. After receiving all the interviews and questionnaire answers, all of the material was read through thoroughly. After this all the relevant parts from the interviews were combined thematically into one document. The themes help to horizontally categorize the main narrative (Gillham, 2005, p. 130). The themes followed the research questions as well as the division of theory in the literature review. These were then translated into English. After the data was thematically organized and structures, it was compared with the existing literature to find common nominators from the two.

In this research, quotes from the in interviews and questionnaires are used to highlight opinions and statements. The quotes function as support to the interpretation of the researcher and analysis of the data. The decision was made to keep the sources of the data anonymous. As both of the cases having only under ten active members in them, giving professional backgrounds already

would not have secured their anonymity. As the research was qualitative and the answers to some degree personal, it was considered best to keep the sources of information unidentified.

### **3.4 RELIABILITY, VALIDITY AND GENERALIZABILITY OF THE RESEARCH**

Academic research is conventionally evaluated in terms of three basic criteria: reliability, validity and generalizability (Moisander & Valtonen, 2006, p.23). Validity refers to how true the claims made in the study are or how accurate the interpretations are. Reliability signifies the overall practice of conducting research in a systematic and rigorous manner. Generalizability, which means whether the results of the research can be applied to a wider context. This also includes the notion of transferability, which is relevant in qualitative research. (Moisander & Valtonen, 2006)

The validity of the research was strengthened by using visible quotes from the interviewees. The conclusions made by the researcher from the data are more transparent as the direct quotes are visible for the readers to interpret. According to Gillham (2005, p.6) validity is mainly judged against external criteria. In this case the validity is constructed through comparing the data to the theoretical material.

By using a multi-method approach the reliability of the research was improved. The use of many different approaches insures that the conclusions driven from the material come from different sources. By using two cases instead of one, the generalizability of the research was strengthened. Cross-referencing between the cases helps in building a holistic view of the focus of the research.

## 4 PUBLIC SERVICE DESIGN IN FINLAND - EMPIRICAL STUDY

This chapter will present and analyze the empirical material collected from multiple sources. As described in the previous chapter, the data was collected through expert interviews as well as case studies using multi-method approach. First the material from the expert interviews will be presented relating to public service design after which material from both of the cases will be presented separately. These will be followed by a cross-case analysis of public service design.

### 4.1 PUBLIC SERVICE DESIGN

In order to better grasp where public services and their design stands at the moment in Finland and in the city of Helsinki, expert interviews were conducted in the current research. In order to understand what is the state of service design in the public sector, it is crucial to comprehend how the decisions of new service offerings are made. Furthermore, understanding the structures of the public organization helps to apprehend how the services should be designed.

Whereas industrial design has been considered as something only a specific trained group of professionals can perform, service design professionals comprise of specialists from distinct fields. One reason for this is the complexity and structure of the problems. In one end the design challenge might involve changing organizational or societal patterns and in another, it might include a concrete product to be used. These areas require different kinds of expertise.

*"When going deeper in to service design, we are talking about wider concepts such as collaborative services and social innovation...and then*

*again it can involve smaller entities such as designing a web page...so we can kind of find different layers from it (service design)".*

*(Expert A)*

However, this diversity of professional backgrounds also means that multiple interpretations to concepts exist. Such interdisciplinarity brings challenges as problem solving patterns and ideologies differ. According to one of the interviewees what some others might call service design signifies service innovation or development to another.

It was found out that many times the actual service design was made through subcontracting. Design readiness was perceived lacking from the public sector and actors being professionals in service design merely drops in the sea. Consequently, the group of professionals doing public service design mostly came upside from the public organization. What was proposed was having more of the design knowledge also inside the public organization.

*"The city should have a design director similarly as it has the city architect, so that the know-how would also exist inside the public organization".*

*(Expert A)*

#### **4.1.1 COMPLEXITY OF PROBLEMS**

Service design being a relatively new research discipline it might not be clear what it signifies in practice especially to those not working with design in general. An interviewee with a background in design stated that when the talk about service design started, it was not clear how it differed from traditional design: helping to understand complex issues in a user-centric manner.

Service design was considered to influence largely on the understanding of systemic problems and the decision making process in networks. What is actually needed in the public sector was seen as the ability to better tackle complex

problems and service design as a one solution to solve this problem. Actors designing services were seen as versatile having different interests. The following was commented about service design in the public sector:

*"Service design focused on a specific service is not sufficient to tackle complex societal challenges...instead it can actually make the fundamental problem worse by using resources that would be needed somewhere else...pre-emptive development that would save money from heavy services is needed".*

*(Expert B)*

*"New kind of expertise is needed that differs from the traditional design...this is what we are learning now together with different kinds of actors".*

*(Expert A)*

*"Service design is trying to find the solutions for the mutual interest".*

*(Expert C)*

Based on the interviews, cases of using service design in Finland in a holistic way are still rare. There are several actors working with service design, but not many projects tackling complex societal challenges exist. Public services as such actually include a variety of services that need different kind of resources. Service design might not even be needed in all cases but for some it might prove to be useful.

*"...we have services such as public spaces, which are an investment by themselves, but they require minimum operational costs. Then again we have other services, like medical services where the investments are small compared to the operational costs".*

*(Expert B)*

It came up in many contexts that the service design done at the moment in the public sector was lacking continuity. Concepts and proposals for service improvements exist. However it is a different thing whether these are realized in practice and functioning. Since one of the core principles of service design is participatory design and coming up with solutions together, this should be also seen in practice according to one interviewee. It was stated that any professionals in the public sector, may they be nurses or officers could be trained to use service design as an internal tool.

*"So that the consults are not just making solutions and taking them to an environment but so that we can actually teach and train any actors...to work with the same tools and develop the organization".*

*(Expert A)*

#### **4.1.2 GOVERNMENTAL STRUCTURES**

The siloed structures of the city governance come from each office inside the public organization operating around their own budget and objectives. This was perceived to cause each office working only according to its own functions rather than according to the overall goals of the city. A more holistic perspective from the private sector was longed after:

*"...there (in the city organization) should be courage to take a holistic perspective to the process, to step over the functions independently, and state that this is not in accordance with the total benefit of the city".*

*(Expert C)*

According to one interviewee the challenge in the management is that who can decide the responsibilities and managerial issues. Consequently, is it right that someone has the right to make the decision for all of the actors involved. On the other hand, hierarchical organization might not be a better solution either. With politics, things might become even more difficult.

The public sector was seen to operate in a stiff manner. The massive structures were seen as a difficult environment to test new services in. Rather the services were many times planned for stable and long-term use.

*"A certain kind of stiffness, which of course is part of the big organizations, kind of character...and that you just can't try out but instead you always have to somehow start to build new with a big wheel".*

*(Expert A)*

Posts in the public sector are often secured and this was seen to bring certain kind of stability to the way of working. Abilities such as persuasiveness and selling needed in the private sector in similar posts might be qualities missing when working in the public sector. An interviewee saw questioning ones own working habits as a quality bringing more to the actual work done.

*"That's the thing in the private sector that nothing is secured. And I think that the uncertainty, its not a bad thing".*

*(Expert C)*

#### **4.1.2.1 USER -CENTEREDNESS**

One of the positive aspects service design could bring to the public sector was seen as user centeredness. In practice this means that the users, the public would be seen as separate personalities rather than a mass. However, the reality of user centric design might not be realized in practice and combining it and large-scale services a hard equation.

*"We have pretty strong posts (in the city)...they (officers) know that they have partly civil servant responsibility to think what are the needs that their objects need. But can they think about us community members as subjects, that we would also want to take a stand?"*

(Expert C)

One of the views of an interviewee was that when it comes to public services, the users are often seen as a homogenous mass that consumes common services cohesively. In fact, the basic principal in producing public services is that they are homogeneously at public's hand. This differs from many of the services produced in the private sector. Therefore the way the public services are produced was also challenged. In different cities and even in districts inside a city, the quality and availability of the services varies.

*"No one thinks about whether it (homogenous services) is what people need, because it isn't. And in reality, anyhow, in different locations you get the same services with different criteria".*

(Expert C)

The public sectors' questioning of user-centric approach also came up in the interviews. According to one interviewee, the general assumption might be that user centeredness makes the overall costs higher. And in another end, user centered design should ensure that services are equal to everyone. It was seen challenging to define who are the users whose voices are heard. In many cases they are the ones who can state their opinion. However the ones that are not able to communicate their opinion should also have their voices heard.

#### **4.1.2.2 TENDERING**

The public organization has a set of specific rules that define in what circumstances and how the tendering of the services should be made. When the city organization places a service for tender already the specifications in the tender define what kind of companies can take part. Many times the specifications for the tender are placed so that managing the service is as easy as possible. As one of the experts exemplifies, in practice it is easier for the entity placing the tender to manage one bigger contract compared to 10 smaller ones.



*"They are defined so that only bigger companies can make a bid that is cost-effective".*

*(Expert C)*

*"When you are tendering for a product or service, the idea is that you are trying to specify as well as possible what you are buying. You are buying an already existing product, all these kind of innovative elements are left out".*

*(Expert C)*

One problem related to tendering rose in many discussions, the public sectors knowhow for purchasing. According to one interviewee, in buying service design one has to know what is bought. This becomes difficult if only little expertise on the field the consulting or service is bought from exists:

*"...consults offering service design don't necessarily master that kind of process (tendering). That could be one challenge in getting the know-how to support the city".*

*(Expert A)*

#### **4.1.2.3 BUDGETING**

The city works in the basis of an annual budget, and this was perceived as a huge challenge when making decisions on larger entities. It causes discontinuity and insecurity as each year, new decisions and plans for the budget need to be made. Contradictory to the budget model, many of the contracts the city makes are juridically binding for a longer period of time. Contracts, with for instance commercial partners, are made for several years and therefore the basic costs are already known for the future.

*"The budgeting model is in my opinion, one of the biggest problems".*

*(Expert C)*

The city's ability to make calculations based on opportunity cost was perceived low. Cost-benefit assessment would help the government in evaluating a variety of influences distinct alternatives have on external factors.

*"Cities are making investment plans for long term relating to for instance infrastructure, buildings and others, but there is no investment plan for the service development!"*

*(Expert C)*

According to one interviewee, the city is structured so that the budget itself sets limits to the design of the services. When something new is created that generates value, one has to think how this is financed. How the value constructed reduces costs of something else is what was perceived significant.

*"But money talks, and as we go to the budgets, that is the question of management in there. That from whose budget is it that we are taking from".*

*(Expert B)*

As the budget money runs out, the question of leadership arises, who should take the responsibility of the project. That makes the phase after the project crucial, how to root the services as part of the daily activities.

#### **4.1.3 DESIGNING SERVICES TOGETHER**

Many of the interviewees saw neither solely publicly nor privately produced services as an option for producing services but rather as both of the two functioning together. Multi producing was seen as a healthier way to produce services.

*"This multiproducer –model for example, I have noted many times that it is not a thing that we choose, it has already happened, each and every municipality almost live in the multi producer –model".*

*(Expert C)*

The core challenges in the collaboration of public and private entities was seen as cultural differences. Also one of the most important issues was perceived to be the clear division of roles. One of the interviewees highlighted that collaboration is difficult because the culture of doing differs greatly. However, it was noted that one of the richness's in the collaboration is also the questioning of things, which rises from differences. It was stated that typically change management relates to issues such as resistance and confusion. These kind of reactions cannot be set aside since they create the gap between the private and public sector actors. As it was stated the public sector has difficulties in seeing the possibilities of the collaboration:

*"I haven't ever seen a case where this (collaboration) could have been properly lead through so that it is our (public sectors), possibility".*

*(Expert C)*

When running projects with both private and public entities the roles and management is an important issue to take in concern. The city has its basic service functions that it has to take in concern.

*"The role of the city could always be more as an enabler, so that it always doesn't have to be the, initiator".*

*(Expert C)*

#### **4.1.4 SUMMARY OF THE FINDINGS**

The expert interviews highlighted many of the same expectations found in the review of the literature. Regarding service design, much of its qualities were seen

missing at least from a wider perspective of societal services. In addition, the public sector was perceived as seeing the public as a mass rather than a group of individuals. The following topics that were perceived to hinder service design in the public sector arose through the expert interviews made:

### **Public Service Design**

- There are distinct public sector challenges
- Design know-how needed inside the public organization
- Siloed structures prevent collaboration
- Public and private actors work with different motivations

### **Lack of User Centeredness**

- Thinking the community members as objects
- Seeing the community as a homogenous mass

### **Tendering**

- Procedures are in favor of big companies
- Dismisses innovative elements of services
- Public tendering practices not clear to private actors

### **Budgeting**

- Need for an investment plan for services
- Short sighted

### **Continuity of Services**

- Lack of ownership of projects
- Public sector doesn't have to be the provider

These findings outline the main characteristics of public organization's service design. In the next subchapters the partnerships and the challenges they bring forth are analyzed in further detail through the two case studies researched.

## **4.2 CASE 1: CITY BIKES**

Helsinki City bikes is a project where shared bikes for public use are brought to the cityscape for being part of the city's transportation infrastructure to improve journey times, reduce carbon emissions and ultimately to ease short distance commuting in the city. The City bikes are considered as a vital part of the Helsinki transportation system in the future and should be considered as a means of commuting aside with other public transportation. This is why the Helsinki Region travel card is a requirement for the new bike system – to integrate the bikes better to the other means of public transportation. The bike system is planned to be ready for use starting from the summer of 2013.

Helsinki City Transport is executing the bike system through co-operation with an outdoor advertising company. The planning of the new City bike system is proceeding now through a partnership between the purchaser, Helsinki City Transport (HKL), supplier JCDecaux and collaborative partner, Helsinki Region Transport (HSL). It is financed completely through commercial incomes. In return of providing the bike system, the contract requires the city to give advertisement space from the cityscape to JCDecaux.

In the previous Helsinki City bike system, introduced in 2000, the bikes were lent against a two-Euro deposit. However, vandalism towards the bikes was a problem and their use had been rather limited. Thus, Helsinki City Transport started to investigate options for renewing the system in order to better answer the needs of passengers. The solution was seen as following the example of many other cities in Europe, that is, implementing the system through co-operation with outdoor advertising companies. The system must be planned and marketed, before all, as a service, in which customer orientation is of central significance. (The Helsinki City Transport, 2008)

#### 4.2.1 OWNERSHIP AND LEADERSHIP

The City bike system is proposed to be contracted for a ten year period where most of the costs can be financed by advertising profit. One of the biggest issues of the project has been the positioning of the advertisements and bike stations. Since an agreement of the matter has not been made, the contract between the purchaser and producer remains unclosed.

*"...it is difficult due to the advertisement-issue still being open and we don't have a contract".*

*(Public actor 1A)*

One of the main reasons why the contract had not been formed was that a common view of the positioning of the advertisements had not been obtained. JCDecaux has realized the same concept as their product in several destinations around the world and thus has expertise on the positioning, maintenance and care-taking of the bikes. However, the city has its own guidelines for advertisement placement that it has to follow. It was seen problematic that the different offices of the city have differing views on how to place the advertisements. In addition this view should also be acceptable by the other party of the contract, the commercial actor:

*"The problem is how to get these silos to solve the issue with the advertisement placement...so that the placements are also commercially reasonable".*

*(Private Actor 1A)*

*"...the settling of advertisement equipment is difficult between the offices of the city".*

*(Private Actor 1B)*

One of the problems was stated as the different departments of the city working for distinct goals. The different silos and personal interests influence on the measures set for making decisions regarding the public spaces in the city. It was seen problematic that the city of Helsinki has defined instructions for outdoor advertisements which define distances from crossroads for instance. However these were not perceived to take the bigger picture in concern. Esthetical and personal views of the parties add up to these more tangible set of regulations and make the decision making process complex. For some it seems as there were no regulation of it at all:

*"Concrete measures for the image of the cityscape do not exist"*

*(Private Actor 1A)*

The responsibilities of specific officers was seen as having a significant influence to the project. One of the private sector parties stated that it seemed as since each of the officers has only a small area of responsibility, big decisions were difficult to make:

*"The decision-making is difficult because we have to take many opinions in concern without the end result being an odorless and tasteless compromise".*

*(Public Actor 1B)*

*"The projects should be more shared between the offices than they are now as the offices are dodging responsibility and blaming each other".*

*(Public actor 1A)*

However, it seemed as even though decisions were made, the city did not have internal coherence to follow these decisions. This again was said to relate to the overall good of the citizens. A more holistic view to issues was perceived important:

*"The officers sometimes have difficulties to consent even though decisions would come from the city board. The concern government should have a bigger authority over the offices when it comes to issues beneficial to the whole city".*

*(Public Actor 1C)*

Furthermore, it was stated that inside the city, the service producing model should be so smooth that the quality of the service does not decline due to the officers not taking responsibility or taking the responsibility of producing the service. That is there should be clear set of guidelines for similar situations that would guarantee that personal conflict would not go ahead of the over all good. As another actor suggested as a solution, the hierarchy in the public sector is in need of renewal in order for the co-operation to work better:

*"We should take the existing hierarchy of the city to a total renovation, so that the co-operation would be simple and straightforward".*

*(Private Actor 1C)*

#### **4.2.2 RELATIONSHIPS AND PRACTICES**

Some felt left between the two parties –public and private. It was seen difficult to further ones issues without compromising on the others:

*"Finding the balance between the interests of the city and private actors. On the other hand, convincing other officers that you are also forwarding their interest and not only the interests of the private entities".*

*(Public Actor 1A)*

It seemed to be difficult to find time for the project among the actors:



*"Finding time from my own calendar to forward the project has been difficult".*

*(Public Actor 1A)*

The project is not considered as a pilot, but rather as a development project which is realized as it is (Lähdetie, 2012 ). Since the outset of the project was to build a permanent solution, planning the brand and communication of the system was a challenge. It felt difficult to plan the brand of the City bikes as it was done somewhat separately from other cycling related services in the city. After all, all the cycling services produced by the city had arisen from the same cycling strategy for 2020 and were part of the three year- Cycling project.

*"Although we are planning the branding of the City bikes, I see that it would be best for Helsinki to have a common design base for all the cycling services".*

*(Private Actor 1C)*

The City Planning Department has in fact concept the brand of cycling in Helsinki through workshops with WSP Consultancy. However, the challenge is how to carry through the brand throughout the city organization. One of the city officers questioned how these kinds of report actually help in brand-constructing. After all Copenhagen or other cycling cities have built their brand without any preliminary concepts. Evidently the idea had been in helping Helsinki to become a cycling-friendly city and buying a brand or a concept for it as a one solution for this.

*"...problem is that the city doesn't have the know-how to buy service development".*

*(Private Actor 1C)*

The private sector saw concrete meeting procedures somewhat differing between the public and private sector. In the private sector meetings were seen

as scheduled with a concrete agenda. However, especially the decision -making in the meetings with the public sector seemed to differ to some extent.

#### **4.2.3 SUMMARY OF THE EMPIRICAL FINDINGS**

Much of the case research was dominated by the fact that during the research, the final contract was not completed between the parties due to the issue with advertisement placement. However, the other aspects of the service such as the brand and communication were meanwhile developed together with the overall brand of cycling services in Helsinki.

The challenges with the decision-making were partly due to the decision – making process of the public sector. The different departments having distinct interest and, furthermore, these interests differing from the private sector’s interests, the project included a variety of different views to the topic. The overall practices of the two sectors were perceived to cause encounters in the case as well. Lack of time due to other duties was seen as a problem to promote issues relating to the city bikes. Know-how to buy service design was seen as problematic as well.

The main challenges that rose from the open interview questionnaires were identified as following, showing the occurrence of the challenges through the size of the font:



**Figure 11 Main Challenges in the City bike -Case**

### **4.3 CASE 2: BIKE CENTER**

Helsinki Bike center is a service point or a network of service points where biking related services are offered to current and future cyclists (WSP, 2012). The center aims to strengthen the position of cycling as being part of the transport system and encourage other than only active bikers to bike more. The project will be piloted during the biking season of the World Design Capital year 2012. The goal of the pilot is to create a Bike center to a central location in Helsinki, Kamppi's Narinkka - square, in order to learn from the service methods and space to create the best possible center in the future. The center will include a physical space for commercial and maintenance use, exhibition in a separate building, Laituri, and a webpage, Fiilari.fi. What is characteristic for the campaign-oriented center are events and visibility in web.

The aim of the center is to be part of Helsinki's biking scene and to provide also an intangible appearance for biking in Helsinki through a visual identity and presence in the web. The center aims to encourage commuters using private vehicles to use biking services in the city. In the long haul, the aim is to stabilize the status of biking as being part of the public transport system rather than just a hobby or amusement for a certain group of enthusiastic. Funded by the city, the Bike center includes many private and public sector actors.

The Bike center has been central part of Helsinki's three-year (2009-2012) Cycling project. What has been distinctive to the Bike center is the lack of ownership from the city's side. A natural place for the project has not been found. The most crucial services that the center offers are maintenance and repair of bikes as well as rental- and information services. Additionally, the goal is that the center will function as a meeting spot and a location for various biking events. The containers are placed in the Narinkka square and they will include services from private companies such as bike- rental from Greenbike and maintenance services provided by the Kamppi shoemaker. Laituri is the Helsinki City Planning Department's information and exhibition space. During the

summer, it will host a Fiilari -exhibition with a biking theme and possibly function as a spot to give feedback and suggestions for the City's biking related plans. The fiilari.fi website will function together with the exhibition to give information and inspiration related to biking.

#### **4.3.1 OWNERSHIP AND LEADERSHIP**

One of the most challenging qualities of the Bike center was seen as its temporary nature. For participants it was hard to plan ahead in the long haul as the plans for the center were at the moment for one year ahead. Furthermore the large amount of actors and the information flow between them was seen as a main challenge and perceived lack of ownership made planning difficult:

*"The planning of the Bike center hasn't been assigned to any office and there aren't any dedicated personnel resources planned for it".*

*(Public Actor 2A)*

*"Too many messages and actors".*

*(Private Actor 2A)*

*"The amount of different actors in the project is large – the solution should be functional from all actors' perspective".*

*(Public Actor 2B)*

For private sector actor it seemed as the roles between the different offices of the city were ambiguous for the city officers themselves. Not surprisingly, the structures and decision-making processes in the public sector were mentioned as unclear from the private sectors perspective:

*"I still cannot identify how all of these different responsibilities are divided between city offices...I don't know whether I have to...but it makes it difficult to understand the bigger picture".*

*(Private Actor 2B)*

*"...(it is challenging)to understand the responsibilities of all the different entities and how the decisions are approved".*

*(Private Actor 2C)*

The bureaucracy of the decision making process in the public sector was a surprise to some of the private sector participants:

*"As I am strongly a private sector actor, we can usually agree on the spot whether something is too much or too little and you don't have to present each issue forward to someone else..."*

*(Private Actor 2B)*

Strong traditions were seen to lead intensely certain projects or areas of interest to specific departments in the city organization. That is some tasks are rather assigned to departments and officers due to historical reasons than for case-specific reasons. Sometimes, however, one department being responsible of a certain project does not necessarily make the division of tasks and responsibility of the project easier among all participants:

*"If one department is assigned to be responsible of a certain project, it causes others to back off".*

*(Public Actor 2C)*

As it was seen problematic that the Bike center has no clear ownership, the actors had their own opinions on how to manage similar projects in the future. As an ideal way to manage the Bike center in the future was suggested as the city offering the facilities to use and operational side functioning on its own:

*"The city should offer the facilities and the operational side would run by itself".*

*(Public Actor 2C)*

#### **4.3.2 RELATIONSHIPS AND PRACTICES**

The public sectors internal differences in views were not the only distinctions that existed. The division between the public and private sectors was perceived visible in the case. It was noted that public sector actors and private sector actors speak almost a different language.

*“Already our languages are different. Meaning what specific things signify”.*

*(Private Actor 2B)*

Differences in the decision making processes of public and private sector were perceived very large. Financed by the city, the stiffness of the decision-making and budget decisions in the project were a challenge. For the private sector actors it was unclear in which point you actually could rely on the planned financing to be realized and start making plans in the base of it. However, as the public sector actors were used to such uncertainty, the fact that you have to proceed with actions and trust that the planned finance will be admitted was underlined:

*“To get the Bike center ready in the beginning of the summer, it was crucial to trust that the financing will be admitted for the project”.*

*(Public Actor 2C)*

However, how the financing worked was not clear to all and opening it up to all the actors would have eased the process.

*“It has been really difficult to find out whether there still is money to use and if so, how much”.*

*(Private Actor 2B)*

General meeting proceedings were also perceived different. The meetings were more focused on actors presenting what they have done than what would have been useful: deciding and planning together the next steps to be made. Also practical issues concerning meetings were perceived important. For instance it was suggested that to save time there should be general guidelines to make a memo and deciding next meetings.

*"Everyone has their own methods to work, so that it is hard to support others methods or ways of communication and adjust to them, I've noted".*  
(Private Actor 2B)

One of the private sector actors noted that it is difficult to conceive the responsibilities so that both the private sector and public sector actors see them similarly. Accomplishing tasks seemed to relate to assigning the specific duties to someone's responsibility:

*"If it's not in anyone's contract, that you are responsible of these things, then no-one takes the responsibility".*  
(Public Actor 2C)

One of the problems that arose clearly in the open questionnaire interviews was the lack of time to further the Bike center project due to other duties. Since all the actors working on the project also had other duties to perform, things might be left undone because of other tasks. Contacting other actors and controlling processes related to the project were left undone. One of the replants implied that the choice between the tasks to perform is not always self-chosen:

*"...due to other duties I haven't had time to promote issues related to Bike center as much as I would have hoped".*  
(Public Actor 2A)



In addition, when tackling multiple projects at a time, their prioritizing becomes inevitable. The decisions on which projects to work on and further arise from example from the urgency and financial weight. The following comments describe well the basic issues guiding the priorities:

*"You can only advance one case at a time, so evidently you choose the one that gets burned first".*

*(Private Actor 2C)*

*"...I consider these small issues in itself as important but in the investment conversations – when talking about projects with a budget of hundreds of millions – the conventional engineer way of thinking arises where the meaning of issues is measured primarily based on money".*

*(Public Actor 2C)*

The actual presence of all actors in the same location to further things rose as an important factor in public and private sector collaboration. Working from distance seemed challenging and many replied that it was difficult to get people to meet face to face:

*"It would be easiest if all the actors could gather to the same place at the same time, but it hasn't been possible".*

*(Public Actor 2B)*

*"It has been difficult because people haven't attended the meetings arranged".*

*(Private Actor 2B)*

Since not everyone could be present in all of the meetings as people's schedules are full of other projects as well. Communicating solely through e-mail was the case during some weeks, and one of the respondents saw this as extremely difficult.

### 4.3.3 SUMMARY OF THE EMPIRICAL FINDINGS

What was seen as characteristic for the case was the large amount of actors. By functioning through a network –structure, there were a large amount of both private and public actors involved in the Bike Center –project. Furthermore from the very beginning, the project did not find its place naturally from any of the existing departments of the city. It ended up being on the City’s Planning Departments shoulders although these types of projects would not necessarily fit in their regular array of projects.

The prospect of the project remained unclear due partly to the temporary nature of the center. Although intentions to promote the Bike Center existed over the long haul, most of the current concrete plans were only for the next season. The continuity of the project was not clear and this was partly due to the temporary nature of the pilot. The private and public actors saw differing practices of the two sectors as a challenge. Furthermore, unclear division of workload and roles caused ambiguity. The main challenges are illustrated in the Figure 12, showing the occurrence of the challenges through the size of the font.



Figure 12 Main Challenges of the Bike center -Case

## 4.4 CROSS-CASE ANALYSIS

In both of the cases the main challenges mentioned were related more or less to the general collaboration and proceeding of the project. However, the possibilities of the projects were seen from a wider point of view. These were the promoting of cycling in general and getting citizens to use cycling aside with other means of public transport.

The main challenges in the Bike center were related to the network -structure and the large amount of actors in the project. Whereas the City bike project was struggling with the decision -making process.

The two cases were researched simultaneously but during the research the cases were not in the same phase. The Bike center was weeks away from the actual opening whereas the City bike project was still at a planning phase and almost a year away from execution. This was also visible in the open questionnaire interviews. The events and accomplishments were reported more actively in the Bike center than in the City bike –case. This was probably due to the active phase that the Bike center was in. Furthermore, the advertisement placement decision in the City bike case was slowing down the proceeding of the case during the time of the research.

All of the actors in the two cases were asked to describe what service design means to them in the open interview questionnaire. Half of the respondents mentioned the users, citizens, as the target of design. The fluency and functioning of the services were also seen as an important factors:

*“The fluency of things, the ease and understandability of everyday”.*

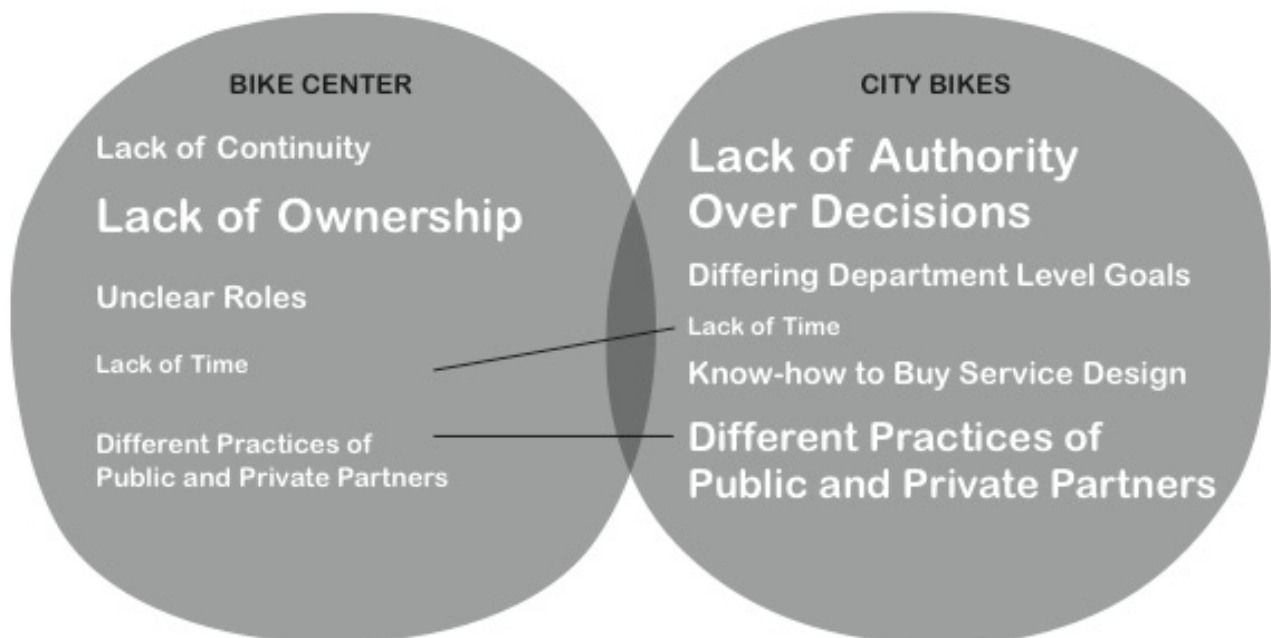
*(Private Actor 2C)*

However, in order to achieve the ideal state of public service design, challenging the current practices was seen as important:

*"Harmonization and clarity. Current practices and purposeless meetings should be questioned."*

*(Private Actor 1C)*

Consequently, the ideal goals of public service design that the actors had in both of the cases being coherent, it seems as the practical methods are the factors preventing the ease and fluency of the design process. When comparing the challenges identified in the two case studies, similarities exist (Figure 13). Differing practices of the two sectors and lack of time are factors shared by the two projects.



**Figure 13 Cross-Case Comparison of the Challenges**

One of the main differences between the two cases influencing on the type of challenges that rose up in the cases is how they were financed. The advertisement-based contract in the City bikes was planned for long ahead. However, the financing for the Bike Center came from the city and was granted for a short –term project. Despite the differences in the financing, both of the cases were influenced by the differing goals of the city’s departments.

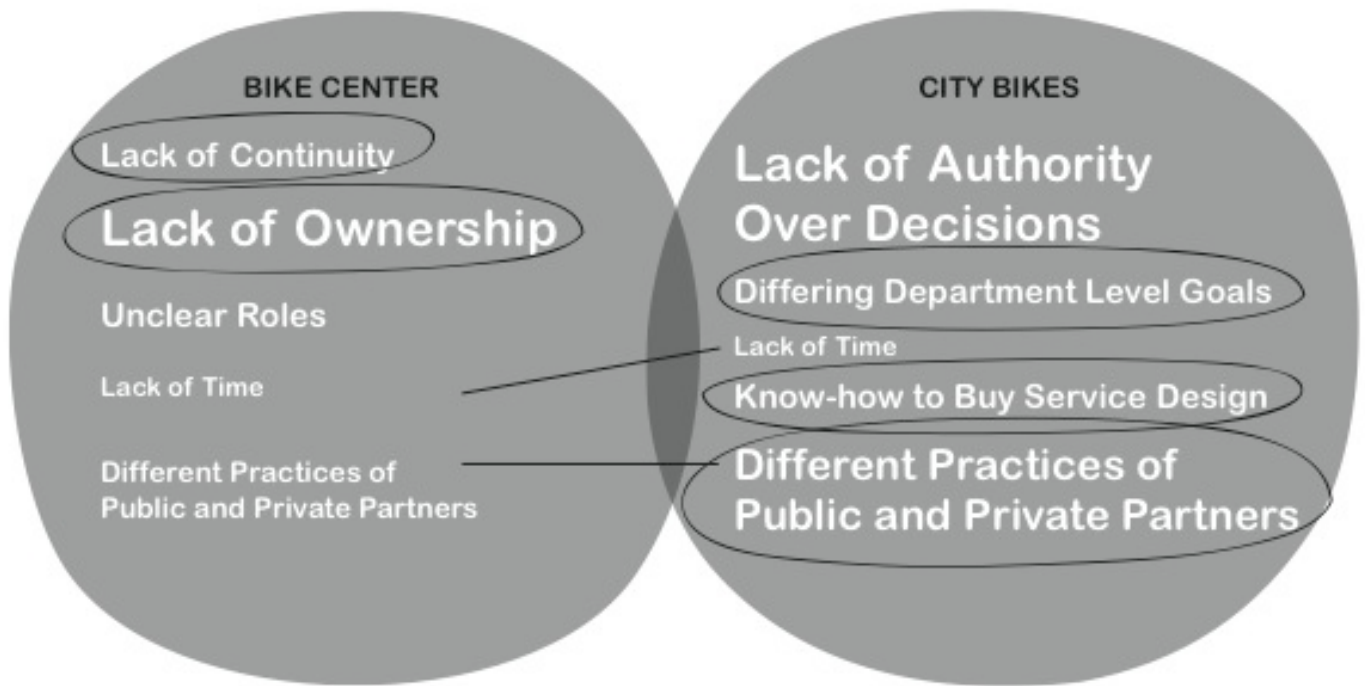


Figure 14 Cross- Case Comparison of the Challenges with Expert Interview Results

Going back to the results of the expert interviews, the results suggest that similarities to the challenges arisen from the cases exist. In the figure 14, the challenges that came out in the expert interviews relating to public services in general are circled. Lack of continuity of the projects as well as lack of ownership were factors that were seen to decrease motivation of the actors. Siloed structures of the public sector were seen to cause differing department level goals. Furthermore, the goals and basic functionalities of the private and public sector being different challenges easily occur. Service design know-how was still seen lacking from the public sector and there seemed to be little knowledge of buying service design from external actors.

## **5 DISCUSSION**

The discussion chapter compares what was found through the empirical fieldwork to the framework constructed in the review of the literature. These findings are further developed into concrete suggestions. Ultimately the framework of the current research is presented.

### **5.1 GOVERNMENTAL STRUCTURES**

In a general level it was clear that the governmental structures and practices are deep-rooted to the different departments of the city. This makes the changing of habits difficult although motivation for the change would exist. The empirical data clearly shows that the public sector officers had interest in improving their own procedures and realized the problems that the sector is facing.

The main barriers identified in the review of literature included siloed structures, unfamiliarity with service design and purchasing processes (Design Council, 2008; Hakio, Jyrämä & Mattelmäki, 2011). The results of the empirical study indicate the same. The differing goals and guidelines of the different departments created obstacles for joint activity. Furthermore unfamiliarity with the services subcontracted made the actual application of them more difficult. The siloed structures of the public organization bring out the fact that novel ideas cannot move easily across departmental boundaries. This was one of the most strongly communicated challenge both in the case studies and expert interviews. Siloed structures were seen not only making the collaboration between public and private parties challenging, but also complicating the collaboration between the departments.

A specific character that was perceived to exist in the public sector was a certain kind of willingness to stay at ones comfort zone. The security that public posts bring to the officers, for example, was ultimately seen to cause the unwillingness

to take risks. The uncertainty that private sector actors need to face was seen as a possibility to change and vigilance.

Aspect emphasized especially in the expert interviews was the role of the City's budgeting model to the service production and design. As the City works with a one –year budget, long term development plans for services for instance are not made. Obviously this myopia influences on the practical level implications as well. For instance, in the Bike center the temporariness and uncertainty of the financing was seen as a constraint. On the other hand, contracts such as the advertisement placements in the City bike –case are made for long periods of time. This inconsistency of commitment to services might be interpreted as inequality between the stakeholders. This phenomena relates to the process of Hierarchical Development identified by Järvensivu, Nykänen and Rajala (2010, p.7). The challenge is how to sustain continuous development whilst having points where commitments needs to be rebuilt. Whenever the finance of a project needs to be renegotiated a period where commitment is questioned occurs.

In current literature, New Public Management -model has been suggested as a solution for modern public service management. It underlines extreme flexibility and adaptability from the public sector institutions in order to provide user-based services provided by public and private entities. Such multi producer model was also seen more as a rule than an exception in the current service production in Finland at the moment in the expert interviews conducted.

### **5.1.1 DESIGN READINESS**

Moritz (2005, p.40) described designing services as an ongoing process used to plan and shape meaningful service experiences as well as to provide guidelines and strategies. This continuance is almost impossible to accomplish by solely subcontracting the service design know how for specific projects. Instead rooting

it as part of the public sectors inner capacity would help in guaranteeing the ongoing process of development.

Highlighted also in the current literature (Design Council,2008; Haikio, Jyrämä & Mattelmäki,2011 ; Tuulaniemi, 2011), acquiring service design know-how to the public sector has been difficult. One solution for acquiring design readiness could be appointing service design professionals to the public organization as responsible for preserving a holistic view on the developed services. A national strategic body for design such as the design council in the UK could prove to be helpful in getting the know-how inside the public organization.

Ultimately the design readiness arises from having design professionals also in the public sector. The professionals could work on different thematic areas such as in the cases researched, cycling services. In practice this does not imply that the city should necessarily use its own resources to service development or design solely. Instead, the competence would assist in getting a wider view of the service production in the city. In the city organization, the most crucial characteristics of these kind of service ambassadors would be the ability to connect the siloed city department to one another in a project level. Furthermore, the goals should be project, rather than department -specific.

The lack of know-how to purchase service development in the city organization came up both in the current research and in previous literature. According to the Design Council (2008) the purchaser processes of governments disadvantage small design agencies. This was perceived as a problem also in the current research. One of the interviewees noted that many times the definitions for tendering are already outlined so that only specific companies can fulfill these and this leaves no room for innovation nor small actors.

Know-how of service design could bring new tools for the city to tackle complex entities and services. Investing in development such as service design was seen as a challenge for the city in the current research since it was considered as a



factor adding costs. Whereas according to the expert interviews, the increase of efficient service design could factually reduce the costs of the city. While offering better and functioning services at once costs are lower than when people have to use the same services all over again. This is an ideology that needs to be entrenched to the public organization.

## **5.2 RELATIONSHIPS AND PRACTICES**

Aforementioned as an important factor to enhance cross-departmental collaboration, the importance on shared goals has also been underlined in previous literature about partnerships (Robinson & Scott, 2009; Järvensivu, Nykänen & Rajala, 2010). However, we cannot set aside the important functions the departments have and the fact that they have distinct objectives by nature. The main challenge in cross departmental projects is the ability to construct a common shared vision that the project aims to accomplish without compromising too much on the department-level goals.

As found out in the review of literature, service design is at most, part the design of service related communication (Koskinen, n.d.). The communication, part of the overall interaction, happens in all levels and between all participants of the design process (Meroni & Sangiorgi, 2011). Communication also rose as an important factor in the two cases in the current research. In a general level, the communication about the services to the public was a crucial part of both of the cases. It was challenging to communicate about the general goals of the city: promoting cycling as a one mean of public transport and strengthen the position of cycling. Communication was seen defective partly due to the lack of general brand or embodiment of cycling in Helsinki. More specifically the communicative problems related to the communication between the different city offices and between the public and private partners. The former was the case especially in the City bike case where the whole execution of the project was lagging behind since no resolution concerning the advertisement placements had not been made.

Communication was considered more effective face-to-face. Therefore physical presence rose as an important factor in advancing the project. Especially in the Bike center case, it seemed difficult to find time for all the actors to meet up together. Furthermore, inefficient meeting practices were seen to slow down the projects.

### **5.3 OWNERSHIP AND LEADERSHIP**

It became evident that for the actors service design signified that the services designed seem seamless and functional for the users regardless of who is the owner of the service, the public or private sector. Moreover, it stated that for the users it is irrelevant who provides the public services, but what matters is their quality and availableness. Ideally the City's role in service design projects was seen more as an enabler than the producer of those services. In the core of the empowering should be, however, structures easier to access and shared information. To bring about such complex changes total renovation of the governance should be made and therefore the transformation is not that simple.

Surprisingly centralized governance was seen as crucial in the public sector. In order to get decisions made in the public sector, a stronger control over the departments was suggested as a solution. The public actors involved in the projects should also be the ones who have the authority to make decisions.

The leadership of the projects should be more targeted to the entity who has the time and dedication to successfully lead through the project. As motivation seemed to be an important factor in contributing to the project, especially the management of the project should arise from ones own motivation. Transformation design presented by the Design Council (2006) aims in such motivation-based leadership models. According to the discipline, solutions should be able to be picked up by those who will provide them.

Through the empirical research made it came clear that services in Finland and in Helsinki are almost as a rule delivered through multi-organizational entities. The collaboration happened between the private and public sector as well as between the departments in the public sector. In the current research the collaboration -related problems were not only between the public and private sector but also between the different silos of the public sector. That is, the main challenge is not the differences of thought between the public and private sector but differences between the three different schools of thought. This has been identified as one of the main challenges of service design in previous literature as well (Sundbo & Toivonen, 2011 pp.3-4). Transformational design involves a strong interdisciplinary environment (Design Council, 2006) which, in order to demonstrate its advantages needs consistent management.

## **5.4 REVISION OF THE FRAMEWORK**

The theoretical framework presented in the review of the literature illustrated the main challenges the current literature has presented when talked about public service design. This framework was revised according to the results obtained in the empirical study (Figure 14). The revised framework answers the research questions by presenting the proposed solution for the challenges identified.

The research was divided into two levels. First, looking at the public service design, through social challenges and secondly, investigating multi-organizational entities in service design projects through collaborational challenges. The first two suggestions are proposed as solution for the social challenges identified:

### **1. INCREASED DESIGN READINESS**

In order to increase the know-how for service design in the public sector, the knowledge needs to come from within the public organization. Furthermore, this internal know-how can be acquired through partnerships as well as hiring and appointing design professionals. Service design posts should be created and they

should work across the departmental silos. These actions would increase interdisciplinarity of the sector, which, according to the service design community, has been seen to assist in acquiring a comprehensive view to the problems faced. Public entities working on service design such as Design Council in the UK would assist in rooting the practices inside the public sector.

## **2. OPEN ACCESS TO SERVICE PRODUCTION**

The City's role in service production should be more as an enabler than the producer of the services. Enabling new services and service design to occur in the public sector, the access and information needs to be open. Tendering procedures should be opened up to the wider public in an understandable manner so that also smaller companies would have similar opportunities in participating to tendering. Long -term development plans should be also developed relating to service development.

The two latter solutions refer to the collaborational challenges identified in the multi organizational service design projects:

## **3. SHARED GOALS**

Shared, project level goals need to exist. This signifies that the public sector should be able to communicate common goals across the silos to the distinct departments. The project groups should have a common shared vision and this signifies a tight collaboration already from the beginning.

## **4. CLEAR LEADERSHIP**

Firstly, this signifies that the management of the projects should arise from ones own motivation. In the other hand, clear leadership would assist in facilitating the decision-making process in the public sector. One of the results of the study was that when the projects landed on no-ones territory, taking responsibility was avoided.

Based on these findings, the framework of the study is further revised. The more networked and collaborative production was suggested as a Fourth way. Whereas public- private partnerships have been called as the third way aside with traditional government and market production. Not only is it a partnership between the two sides, public and private, but also it created more vague limits of the two parties and includes the societal challenges to the relationship more intensively.

The governmental structures were seen to relate to the collaborative challenges more than to the societal ones. In the research the actors strongly felt the public sector structures influencing on the actual project level collaboration.

Furthermore the factors presented in the discussion –chapter to foster public service design were added to the outer circles of the framework to illustrate how they should encompass the whole scope of public service design. Societal opportunities to foster public service design were design readiness and open access. Collaborational opportunities to overcome the challenges in multiproducing are shared goals and clear leadership.

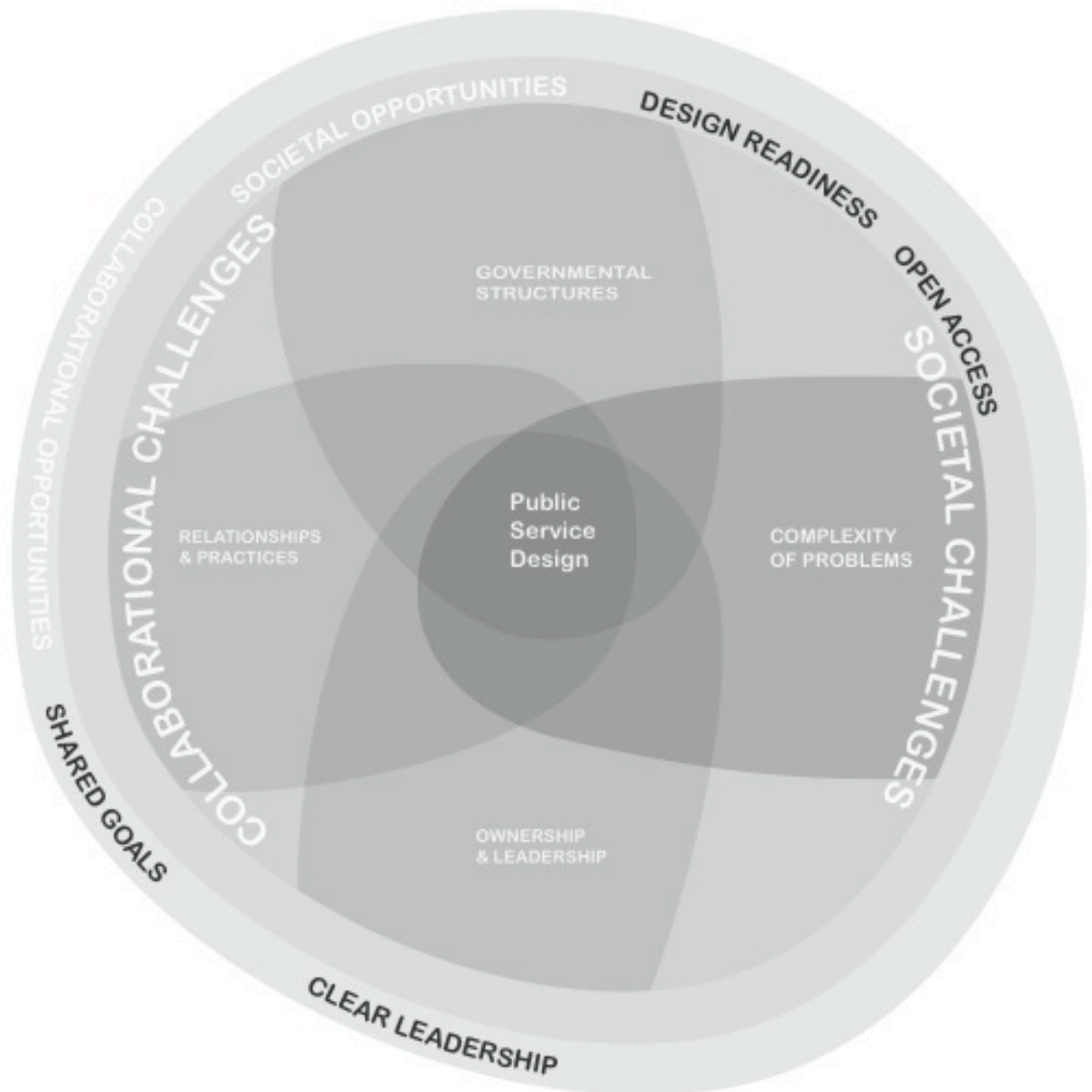


Figure 15 Revised Framework of the Study

## 6 CONCLUSIONS

To conclude, this chapter presents a summary of the current study. This is followed by practical implications of the study, meaning how the research can actually be applied in practice. Theoretical implications and limitations of the study are further presented. Ultimately, suggestions for research in the same topic area are suggested.

The purpose of this thesis was to investigate how to foster public service design. As a solution for the public sector to the complex challenges it is facing, previous research has suggested service design to provide help. Lately, providing services through networks of multi –organizational actors from both the private and public sector, has gained ground in public service design. The scarce resources of the public sector, generate the need for collaboration with the private sector.

The research questions that the current study set out to answer were:

**// What kind of procedures would assist in fostering service design in the public sector?**

**// How to overcome the challenges brought forth by partnerships in public service design?**

The study examined the research questions by first outlining the main challenges in public service design through existing theory in the literature review section. The main theoretical background of the research arises from service design research as well as research on networks and public-private partnerships. A framework of the study was built through combining these research fields.

The empirical study was conducted through qualitative multi-method approach. The first research question was examined through expert interviews. The second

research question was examined by using case study approach. The two cases researched were both related to cycling services. The bike center and City bike projects were investigated through background research, case interviews and open questionnaire interviews. The results of the empirical study were analyzed and compared with the existing literature in order to answer the proposed research questions.

## **6.1 SUMMARY OF THE FINDINGS**

The results of the research propose multi organizational entities of public and private actors as a solution for better designing services to the public. Furthermore, the research suggests the fourth way of collaboration as a solution for the challenges in the design for public services. The design for public services through the fourth way implies that the government should aim for a more open and supportive environment. In this ecosystem it acts as an enabler, rather than producer, attracting multiple actors from public and private sectors to design and produce services in collaboration. Furthermore, the findings of the expert interviews conclude that efficient service design could factually reduce the costs of the city. This is an ideology that remains challenging to entrench to the public organization.

It was noted that cross-sectorial and departmental collaboration brings about challenges. What came up in the empirical research was that the differing goals and guidelines of the different departments created obstacles for joint activity. After all, one of the main challenges highlighted both in the case studies and expert interviews was the siloed structures of public organisation. These findings lend support to, for example, Haikio, Jyrämä and Mattelmäki (2011) and the ministry of Transport and Communications (2010). However, what arose as new in the current research was that the collaborational challenges exist not only between the private and public parties but also between the different disciplines. The main challenge in cross departmental projects is the ability to construct a common shared vision that the project aims to accomplish without



compromising too much on the department level goals. As multi organizational entities in public service design have become common, it became evident that clear roles of the public and private sectors need to exist.

Design readiness and the know-how for purchasing service design was perceived lacking from the public sector. Unfamiliarity with the services subcontracted made the actual application of them more difficult. These findings are in conformity with the findings of Bailey (2010), Design Council (2008) and Vesterdal (2009). Rooting service design as part of the public sectors inner capacity would help in guaranteeing the ongoing process of development. Discontinuity of services was seen as a common factor for many services. Myopia caused by short term development plans for services made committing of the actors difficult.

The fourth way of partnerships in service design projects is suggested as a solution to the design of public services. Unlike the third way, (Hartley & Pedersen, 2008; Osbourne, 2000) public-private partnerships, which has been proposed as a solution for collaboration in public services, the fourth way tries not to make the distinction between the public and private sectors but rather sees the collaboration as a challenge between the different disciplines. Much of the ideologies presented in the Design for services introduced by Meroni and Sangiorgi (2011) are present in the current framework. Alike transformational design (Design Council, 2006), and the findings of Moritz (2005), a strong multidisciplinary approach is included. Public services should be designed by multi-organizational entities consisting of both public and private actors. It proposes that the role of the city should be seen more as an enabler than the producer of those services. Whereas the private sector actors should more actively take part in the actual production.

## **6.2 PRACTICAL IMPLICATIONS OF THE STUDY**

One of the practical implications that the current research has already initiated is commencing the conversation between the different disciplines. A common language should be constructed firstly between the different schools of thought and secondly between the public and private sector actors. In order to achieve this, more emphasis should be put in to the development of interdisciplinary capabilities inside the public organization.

Furthermore, when the research was initiated it was clear that suggestions, for how the service design projects with actors from public and private sectors should be governed, were longed after. The present research gives recommendations on the ownership as well as practical implications for better planning the inner project capabilities.

Through the empirical fieldwork, the cases were inspected from close-up. The documentation of the challenges that rose as well as publishing them as a open publication, is already a step forward from the project actors to willingly get involved in the improvement of public service design projects. In the future, opening up project results from within the project members as well would assist in identifying the main challenges and how to overcome them.

## **6.3 THEORETICAL IMPLICATIONS OF THE STUDY**

Much of the theoretical assumptions driven from the existing literature were supported by the findings from the qualitative research. For example the challenges of public service design that the previous literature has highlighted were verified by the current empirical research. The theoretical base for service design being strong as it is, new kind of design for public services still lacks theoretical research from a comprehensive perspective.

The fourth way of partnerships for public service design that is suggested as a solution for collaboration in public service design brings an important contribution to current research on public service research. It is important to go deeper into the role of the city in service production and design and what kind of possibilities it should offer for participating in service design.

## **6.4 LIMITATIONS OF THE STUDY**

Because of the qualitative nature of the research, care should be taken in generalizing the results. The research dealt with only two cases of public service design projects. However, a bigger amount of cases would have guaranteed a better coverage of the subject. Since the data for the study was relatively small, the implications made should be considered as only suggestive. Moreover, generalizability of the two –biking related projects might differ in another field of services. Furthermore, this research focused on Finland and specifically to the city of Helsinki. As procedures, models of production and competition differ largely from city to another, the results might not be generalizable to another city.

The problem of time, presented by Halinen and Törnroos (2005, p.1287) as one of the major challenges of case research might influence the results of the current research. The data collection of the cases was done in a short, three week, time-period. As both of the cases researched have a wider duration, the responses of the actors might have been distinctive in a different time.

One limitation of this study arises from the fact that the interviews were done in Finnish and the transcriptions received translated by the author to English. Thus these steps increase the possibility of misinterpretation. Gillham (2005, p.6) states that when analyzing interview data, an interpretive construction is inevitably made. The interpretations done when analyzing the data are thus typically constructed somewhat subjectively.

## **6.5 SUGGESTIONS FOR FURTHER RESEARCH**

As the current research focused on a specific area of interest in the wide concept of public services, many interesting research topics arose that still are lacking proper research. Further research is needed on the topic of inner structures of the city and its departments. As one of the conclusions of the current research was that siloed structures need to be broken down in order to properly integrate service design in the public sector, it would be important to first look at how these structures are formed.

Furthermore, as experience from having design know-how in the public sector starts to arise, it would be crucial to look at the results of those cases. Finding out in which ways service design know-how can be best integrated to the public organization is important. The current study paves the way for further research into how the integration of service design professionals into public service projects advances.

Much more research and concrete changes need to take place before we can actually see the results of broader public service design cases. However, the current study indicates that Helsinki is at a phase where it is starting to integrate service design in its structures. Motivation exists both within the public organization and among the private sector actors to change the way public services are designed. After all it is one of the most important factors to bring about transformation.

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# APPENDIX 1: DATA COLLECTION

## EXPERT INTERVIEWS ON PUBLIC SERVICE DESIGN

Code for the Interviewee	Date of Interview	Type of Notes
Expert A	23.3.2012	Audio+Memo
Expert B	12.4.2012	Audio+Memo
Expert C	17.4.2012	Audio+Memo

## CASE STUDIES

### City Bikes

Code for the Interviewee	Methodology
Private Actor 1A	Open Interview Questionnaire
Private Actor 1B	Open Interview Questionnaire
Private Actor 1C	Open Interview Questionnaire
Public Actor 1A	Open Interview Questionnaire
Public Actor 1B	Open Interview Questionnaire
Public Actor 1C	Open Interview Questionnaire

### Bike Center

Code for the Interviewee	Methodology
Private Actor 2A	Open Interview Questionnaire
Private Actor 2B	Open Interview Questionnaire
Private Actor 2C	Open Interview Questionnaire
Public Actor 2A	Open Interview Questionnaire
Public Actor 2B	Open Interview Questionnaire
Public Actor 2C	Open Interview Questionnaire

## Background interviews for the case studies:

Name	Project	Date	Type Of Notes
Artturi Lähteenmäki	City bikes	6.2.2012	Memo
Arto Sivonen	Bike Center	1.3.2012	Memo
Riitta Mettomäki	Bike Center	29.3.2012	Audio
Esko Martikainen,			
Laine Spellmann	City bikes	10.4.2012	Audio
Leena Silfverberg	Bike Center	15.5.2012	Notes